

Volkswagen Financial Services Overseas Aktiengesellschaft

(Formerly: Volkswagen Financial Services Aktiengesellschaft)

ANNUAL REPORT

German GAAP

2024

Fundamental Information about the Group

Volkswagen Financial Services Overseas AG and its companies are providers of a wide range of mobility services.

BUSINESS MODEL

The companies of the Volkswagen Financial Services Overseas AG Group together provide a wide range of mobility services, offering products such as car subscriptions and a variety of services as well as traditional financing and leasing options. The key objectives of Volkswagen Financial Services Overseas AG in non-European third-party countries are:

- > To promote sales of Group products for the benefit of the Volkswagen Group brands and their distribution partners
- > To strengthen customer loyalty to Volkswagen Financial Services Overseas AG and the Group brands along the automotive industry value chain, including through the targeted use of digital products and mobility solutions
- > To create synergies for the Group by combining Group and brand requirements in the finance and mobility services areas
- > To generate and sustain a high level of return on equity for the Group

Following the completion of the restructuring as of July 1, 2024, the former third-country activities are being continued with otherwise unchanged product offerings.

ORGANIZATION OF THE VOLKSWAGEN FINANCIAL SERVICES OVERSEAS AG GROUP

The companies of the Volkswagen Financial Services Overseas AG Group provide financial services to private, corporate and fleet customers and to the dealer organization of the Volkswagen brands. The close integration of marketing, sales and customer service focused on customers' needs is of central importance for the establishment of lean processes and the efficient implementation of the sales strategy.

Since July 1, 2024, the Board of Management of Volkswagen Financial Services Overseas AG has consisted of two members. Kai Vogler serves as the CEO (Chair of the Board of Management). This role covers functions such as corporate management, sales and marketing, audit and information technology. As CFO, Patrick Welter is responsible for functions such as risk management, controlling, treasury and compliance.

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND COMBINED MANAGEMENT REPORT

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU), and the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as well as in accordance with the additional disclosures required by German commercial law under section 315e(1) of the *Handelsgesetzbuch* (HGB – German Commercial Code).

On the basis of the statutory provisions, Volkswagen Financial Services Overseas AG Group makes use of the option to prepare a combined management report.

RESTRUCTURING OF THE VOLKSWAGEN FINANCIAL SERVICES OVERSEAS AG (FORMERLY VOLKSWAGEN FINANCIAL SERVICES AG) AND VOLKSWAGEN BANK GMBH SUBGROUPS

Since 2023, the Board of Management of Volkswagen Financial Services Overseas AG (formerly: Volkswagen Financial Services AG) and the Management Board of Volkswagen Bank GmbH implemented a comprehensive restructuring program for the previous subgroups Volkswagen Financial Services Overseas AG, which operated as Volkswagen Financial Services AG until June 30, 2024, and Volkswagen Bank GmbH, and completed it as of July 1, 2024.

The restructuring program aims to lay the foundation for the successful implementation of the Group's strategy in the mobility sector, taking into account the regulatory framework.

Volkswagen Financial Services AG's former operating business was conducted under the name carmobility GmbH, Braunschweig. The company carmobility GmbH was renamed to Volkswagen Mobility GmbH on March 13, 2023 and to Volkswagen Financial Services Europe GmbH on June 5, 2023. The legal form was changed to *Aktiengesellschaft* (German stock corporation), Volkswagen Financial Services Europe AG, on June 22, 2023. Formerly, the company was a micro corporation in accordance with section 267a of the *Handelsgesetzbuch* (German Commercial Code – HGB).

As a consequence of the restructuring, Volkswagen Financial Services AG, as a financial holding company, together with the German and European companies, including their respective subsidiaries, is supervised by the European Central Bank (ECB). The aim is to achieve a clearer focus on geographical regions. In addition, Volkswagen Bank GmbH and Volkswagen Leasing GmbH have also been subsidiaries of Volkswagen Financial Services AG for the first time since the reporting period.

These restructuring measures were implemented by notarization of the various spin-off agreements and their entry in the commercial register as of July 1, 2024. As a result, the following transactions under company law were completed effective July 1, 2024:

- > Spin-off of the shares of the subsidiary Volkswagen Leasing GmbH to Volkswagen Bank GmbH
- > Spin-off of the European operation of the former Volkswagen Financial Services AG, including shares of European subsidiaries and equity investments plus other assets and liabilities, to the new financial holding company, Volkswagen Financial Services AG (formerly Volkswagen Financial Services Europe AG).
- > Contribution of Volkswagen Bank GmbH to Volkswagen Financial Services AG by Volkswagen AG through a noncash contribution by way of a premium ("*Sachagio*") in the course of a capital increase.

In addition, VOLKSWAGEN FINANCIAL SERVICES AG was renamed Volkswagen Financial Services Overseas AG and the company still known as Volkswagen Financial Services Europe AG as of July 1, 2024 was renamed Volkswagen Financial Services AG by way of a corresponding entry in the commercial register.

In connection with the spin-off of the European operations the associated employment relationships with employees and all employee-related obligations, liabilities and provisions from employment relationships and former employment relationships of Volkswagen Financial Services Overseas AG were transferred to Volkswagen Financial Services AG. Some of these employment relationships that were transferred to Volkswagen Financial Services AG were transferred to Volkswagen Bank GmbH, Volkswagen Leasing GmbH, Volkswagen Versicherung AG, Volkswagen Insurance Brokers GmbH or Vehicle Trading International (VTI) GmbH immediately after the spin-off took effect on the basis of transfer agreements or through business unit transfers in accordance with section 613a of the *Bürgerliches Gesetzbuch* (German Civil Code – BGB).

As part of the restructuring, organizational units of Volkswagen Bank GmbH were also transferred across company lines to Volkswagen Leasing GmbH and Volkswagen Financial Services AG. This transfer of organizational units resulted in partial transfers of undertaking in accordance with section 613a of the BGB.

By pooling its activities in a European financial services provider and through the spin-off of Volkswagen Leasing GmbH to Volkswagen Bank GmbH, Volkswagen Bank GmbH can optimally use its funding strength to expand the leasing business in Germany and Europe. The new Group structure takes into account both the expected business growth and the increasing trend away from vehicle financing in favor of leasing. The reorganization will bring to an end the limits on the extension of funds by Volkswagen Bank GmbH to Volkswagen Leasing GmbH. In addition to placing bonds and engaging in ABS transactions, Volkswagen Bank GmbH can now also use the significant increase in customer deposits to fund the planned business growth.

Volkswagen Financial Services AG assumed the bonds of Volkswagen Financial Services Overseas AG that are traded on regulated markets and belong to the European operation. This means that since July 1, 2024, Volkswagen Financial Services AG has been active in the capital markets pursuant to section 264d of the HGB for the first time. The bonds are being used to fund the subsidiaries. As of the reporting date, following completion of the restructuring of the subgroups, Volkswagen Financial Services Overseas AG is not a publicly traded share capital company within the meaning of section 264d of the *Handelsgesetzbuch* (HGB – German Commercial Code) and does not have the status of a public-interest entity pursuant to section 316a of the HGB.

Volkswagen Bank GmbH and Volkswagen Leasing GmbH dominate the subgroup's business focus due to their size. They are regulated companies and must therefore comply with the relevant supervisory requirements. Volkswagen Financial Services AG as the parent company and its subordinate companies make up a financial holding company as defined by section 10a of the *Kreditwesengesetz* (German Banking Act – KWG). In its function as a financial holding company, Volkswagen Financial Services AG is regulated accordingly.

Volkswagen Financial Services Overseas AG is the holding company responsible for managing the non-European subsidiaries. It remains an integral part of the Volkswagen Group as a wholly owned subsidiary of Volkswagen AG.

MOBILITY2030 STRATEGY

The core mission of Volkswagen Financial Services Overseas AG is to develop and make available a comprehensive mobility platform, together with the brands of the Volkswagen Group, and thus to give customers rapid, digital and flexible access to mobility – from financing and leasing options to car sharing and the Auto Abo car subscription product.

As a provider of mobility solutions, we have formulated a clear growth plan in our MOBILITY2030 strategy and intend to extend our relationship with customer and vehicle throughout the automotive value chain.

Five strategic dimensions for the practical implementation of this growth plan are defined in MOBILITY2030:

- > **Customer loyalty:** “We maximize the loyalty of our customers to our Group brands.”
- > **Vehicle:** “We develop business potential along the entire vehicle cycle together with the Group brands.”
- > **Performance:** “We act in an entrepreneurial manner and strive for the greatest possible success.”
- > **Data and technology:** “We use data and technology as the mainstays of our success.”
- > **Sustainability:** “We drive the transition to zero-emissions mobility in line with the Volkswagen Group’s ESG principles.”

SIGNIFICANT CHANGES IN EQUITY INVESTMENTS

In preparation for the reorganization and transfer as of July 1, 2024, the following material changes in equity investments have occurred:

In February 2024, Volkswagen Finance Overseas B.V., Amsterdam, Netherlands, a wholly owned subsidiary of Volkswagen Financial Services Overseas AG, transferred the following wholly owned equity investments to Volkswagen Finance Europe B.V., Amsterdam, Netherlands, until June 30, 2024 also a wholly owned subsidiary of Volkswagen Financial Services Overseas AG, by way of a spin-off:

- > Volkswagen Renting S.A., Alcobendas, Spain
- > Volkswagen Renting, Unipessoal, Lda., Amadora, Portugal,
- > Volkswagen Finance Belgium S.A., Brussels, Belgium
- > Volkswagen Financial Services (UK) Ltd., Milton Keynes, United Kingdom,
- > Volkswagen Financial Services N.V., Amsterdam, Netherlands
- > Volkswagen Financial Services Polska Sp. z o.o., Warsaw, Poland
- > Volkswagen Serwis Ubezpieczeniowy Sp. z o.o., Warsaw, Poland
- > Volkswagen Finans Sverige AB, Södertälje, Sweden
- > Volkswagen Insurance Services, Correduria de Seguros, S.L., El Prat de Llobregat, Spain
- > Volkswagen Mobility Services S.p.A., Bolzano, Italy
- > Volkswagen Financial Services Ireland Ltd., Dublin, Ireland
- > MAN Financial Services España S.L., Alcobendas, Spain
- > MAN Financial Services GesmbH, Eugendorf, Austria
- > MAN Financial Services Poland Sp. z o.o., Nadarzyn, Poland and
- > ŠkoFIN s.r.o., Prague, Czech Republic.

The restructuring described above, involving the separation of the European and non-European financial services business, came into effect as of July 1, 2024.

In this connection, Volkswagen Financial Services Overseas AG (formerly Volkswagen Financial Services AG) spun off its wholly owned equity investment in Volkswagen Leasing GmbH to Volkswagen Bank GmbH as of July 1, 2024.

Also as of July 1, 2024, Volkswagen Financial Services Overseas AG (formerly Volkswagen Financial Services AG) spun off the following European equity investments (including various subsidiaries of the equity investments) to Volkswagen Financial Services AG (formerly Volkswagen Financial Services Europe AG):

Subsidiaries in Germany:

- > 8.7% interest in Allianz für die Region GmbH, Braunschweig
- > 26.0% interest in Digital Mobility Leasing GmbH, Kassel
- > 100.0% interest in EURO-Leasing GmbH, Sittensen
- > 100.0% interest in LOGPAY Financial Services GmbH, Eschborn
- > 77.757% interest in Mobility Trader Holding GmbH, Berlin
- > 50.0% interest in MyDigitalCar GmbH, Braunschweig
- > 100.0% interest in Vehicle Trading International (VTI) GmbH, Braunschweig
- > 37.801% interest in Verimi GmbH, Berlin
- > 100.0% interest in Volim Volkswagen Immobilien Vermietgesellschaft für Volkswagen-/Audi-Händlerbetriebe mbH, Braunschweig
- > 51.0% interest in Volkswagen Autoversicherung Holding GmbH, Braunschweig
- > 49.0% interest in Volkswagen Financial Services Digital Solutions GmbH, Braunschweig
- > 100.0% interest in Volkswagen Insurance Brokers GmbH, Braunschweig
- > 100.0% interest in Volkswagen Versicherung AG, Braunschweig
- > 100.0% in Volkswagen-Versicherungsdienst GmbH, Braunschweig

Subsidiaries outside Germany:

- > 100% interest in Volkswagen Finance Europe B.V., Netherlands
- > 100% interest in Volkswagen Financial Services S.p.A., Italy
- > 100% interest in Volkswagen Insurance Company DAC, Ireland
- > 100% interest in VW Company DAC, Ireland
- > 100% interest in Volkswagen Financial Services Hellas A.E., Greece
- > 100% interest in MAN Location & Services S.A.S., France
- > 60% interest in Volkswagen Losch Financial Services, Luxembourg
- > 49% interest in Shuttel B.V., Netherlands
- > 25.1% interest in J. P. Morgan Mobility Payments Solutions S.A., Luxembourg

Also on July 1, 2024, the former “VOLKSWAGEN FINANCIAL SERVICES AG” was renamed “Volkswagen Financial Services Overseas AG”, and the former “Volkswagen Financial Services Europe AG” was renamed “Volkswagen Financial Services AG”.

In addition, the following material changes in equity investments occurred:

Effective January 18, 2024, Volkswagen Financial Services Overseas AG sold 99.9% and Volkswagen Finance Overseas B.V. sold 0.1% of OOO Volkswagen Group Finanz, Moscow, Russia, and OOO Volkswagen Financial Services RUS, Moscow, Russia, to an external investor. The sale marks the exit from the Russian market.

INTERNAL MANAGEMENT

The Company's key performance indicators are determined on the basis of IFRSs and are presented as part of the internal reporting system. The most important nonfinancial performance indicators are penetration, number of current contracts and new contracts concluded. The financial key performance indicators are the volume of business, operating result, return on equity and the overhead ratio.

KEY PERFORMANCE INDICATORS

	Definition
Nonfinancial performance indicators	
Penetration	Ratio of new contracts for new Group vehicles under retail financing and leasing business to deliveries of Group vehicles, based on Volkswagen Financial Services AG's consolidated entities.
Current contracts	Contracts recognized as of the reporting date
New contracts	Contracts recognized for the first time in the reporting period
Financial performance indicators	
Volume of business	Loans to and receivables from customers arising from retail financing, dealer financing, leasing business and lease assets.
Operating result	Interest income from lending transactions and marketable securities, net income from leasing transactions, interest expense, net income from service contracts, net income from insurance business, provision for credit risks, net fee and commission income, net gain or loss on hedges, net gain or loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income, general and administrative expenses and net other operating income/expenses
Return on equity	Return on equity before tax, which is calculated by dividing profit before tax by average equity.
Overhead ratio	General and administrative expenses less other taxes and income from the reversal of provisions and accrued liabilities/average total assets

As of December 31, 2024, customer satisfaction and the external employer ranking were not used as non-financial performance indicators.

Report on Economic Position

The global economy recorded positive growth in 2024. Global demand for vehicles increased slightly as compared with the previous year. The operating result of Volkswagen Financial Services Overseas AG was very much lower than the prior-year level.

OVERALL ASSESSMENT OF THE COURSE OF BUSINESS AND THE GROUP'S ECONOMIC POSITION

As a result of the restructuring described above, spin-offs of shares of subsidiaries, equity investments and other assets and liabilities by Volkswagen Financial Services Overseas AG were made with legal effect as planned as of July 1, 2024. Specifically, this relates to lateral spin-offs of the following previous parts of Volkswagen Financial Services Overseas AG:

- > Spin-off of the shares in the subsidiary Volkswagen Leasing GmbH to Volkswagen Bank GmbH.
- > Spin-off of the European operation of Volkswagen Financial Services Overseas AG, including shares of European subsidiaries and equity investments plus other assets and liabilities, to the new financial holding company, Volkswagen Financial Services AG.

For this reason, the total assets of Volkswagen Financial Services Overseas AG were reduced by around 79% in the fiscal year, mainly due to the derecognition of the "Assets held for sale (IFRS 5)" line item reported the previous year on the assets side of the balance sheet. Correspondingly, on the liabilities side of the balance sheet, the liabilities associated with assets held for sale (IFRS 5) and equity were reduced by the proportions of equity that were reclassified to cover the decrease in assets. As well as the development of the profit after tax from continuing operation, the profit after tax from discontinued operation was reported as an aggregate item in the income statement for the first six months of the fiscal year until implementation of the restructuring. The following explanations of the deviations from the prior year relate to the change in the values of key performance indicators and of performance indicators in the balance sheet and income statement for continuing operation of Volkswagen Financial Services Overseas AG.

The operating result in the 2024 fiscal year was very much lower than the previous year's level, which was mainly due to the very strong increase in the provision for credit risks following the elimination of the prior year's positive one-time items.

New business worldwide was at the previous year's level.

The business volume declined noticeably year on year, accompanied by a decrease in loans to and receivables from customers, especially in China.

The share of financed and leased vehicles in the Group's worldwide deliveries (penetration) stood at 13.5 (15.8)% at the end of 2024.

The money and capital market rates relevant for funding decreased in fiscal year 2024. At the same time, risk premiums (spreads) rose due to the current discussions throughout the automotive sector.

Funding costs were slightly higher than in the previous year.

Margins were slightly below the level of the previous year (–3.7%).

The credit risk situation arising from Volkswagen Financial Services Overseas AG's overall portfolio was largely shaped by macroeconomic factors (chiefly rising consumer prices) and increased competitive pressure in fiscal year 2024. This resulted in a noticeably smaller portfolio and an increased risk situation.

The residual value portfolio is essentially of minor significance to Volkswagen Financial Services Overseas AG because customer demand at present is focused mainly on financial products. Nevertheless, significant growth in the portfolio was achieved, driven especially by the Brazilian market. Changes in residual value risk continue to be closely monitored on an ongoing basis, leading to corresponding measures where required.

The liquidity risk for the Volkswagen Financial Services Overseas AG Group was essentially on a level with the previous year in fiscal year 2024. The existing sources of funding were adequate to enable the growth achieved in the fiscal year. A wide range of funding instruments were used in a number of different currency areas, regions and countries. The funding structure remained broadly diversified in terms of the instruments used. The Group's main sources of funding, comprising money and capital markets, ABSs and funding through banks, continued to be available at Group level and could still be used as required.

The Board of Management of Volkswagen Financial Services Overseas AG considers the course of business to have been positive in 2024 despite the expected year-on-year fall in earnings.

CHANGES IN KEY PERFORMANCE INDICATORS FOR FISCAL YEAR 2024 COMPARED WITH PRIOR-YEAR FORECASTS

	Actual 2023	Forecast for 2024		Actual 2024
Nonfinancial performance indicators				
Penetration (percent)	15.8	> 15.8	significantly up on previous year	13.5
Current contracts (thousands)	4,573	> 4,573	significantly up on previous year	4,646
New contracts (thousands)	1,977	> 1,977	significantly up on previous year	1,940
Financial performance indicators				
Volume of business (€ million)	30,189	> 30,189	slightly up on previous year	27,124
Operating result (€ million)	754	< 754	noticeably below previous year	460
Return on Equity in (percent)	19.8	< 19.8	strongly below previous year	9.2
Overhead ratio (percent) ¹	–			1.4

¹ First-time calculation in the 2024 fiscal year

DEVELOPMENTS IN THE GLOBAL ECONOMY

The global economy remained on a growth path in 2024 with somewhat slower momentum than in the previous year. This trend was seen in both the advanced economies and the emerging markets. Declining but in some cases still relatively high inflation rates in many countries, combined with restrictive monetary policies introduced by some central banks, continued to put a damper on economic growth in many places. Since around the middle of the reporting year, a number of these central banks have started to gradually bring down key rates from their comparatively high level.

North America

In the USA, gross domestic product in the reporting year grew at a somewhat slower pace than in the previous year. On account of relatively high inflation and a tight labor market, the US Federal Reserve initially maintained its restrictive monetary policy. After the first key rate cut in September, interest rates were reduced twice more before the end of the reporting year. Canada's economic growth was just under the prior-year figure, but in Mexico the slowdown was more pronounced.

South America

In Brazil, economic output grew at an unchanged pace, while there was a stronger decrease in the pace of growth in Argentina compared with the previous year.

Asia-Pacific

In the reporting year, China's economy expanded at a high level compared with other parts of the world, but fell somewhat short of the prior year. There was relatively sharp growth in India's economy, though also at a slower pace than in 2023, while Japan's economic output decreased somewhat.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

There were high levels of demand for automotive financial services in 2024.

In Türkiye, inflation continued to fall on the strength of the government's continuous fiscal tightening. The trend towards longer maturities in refinancing continued, giving a boost to the credit-based financing business with private and commercial customers. This development also had a positive effect on the insurance business to some degree. By contrast, the leasing-based fleet business remained under pressure.

Vehicle sales in South Africa declined year-on-year in the reporting year. As a result, the number of financing packages purchased also decreased. The decline was due to domestic political uncertainty, the continuing subdued economic conditions and high energy prices. The economic challenges also led to tightening of lending requirements – a disadvantage for people with lower incomes.

On the whole, the markets for financial services in the North America region developed favorably in 2024 compared with the previous year. In the USA, Canada and Mexico, deliveries, the number of leasing and financing contracts, new vehicle penetration and new contracts for insurance and after-sales products were all up on the prior-year figures.

In the South America region, the market for financial services remained strong. In Brazil, the number of new contracts rose thanks to the range of financial services targeted at specific customer groups, as well as increased deliveries. The number of car subscriptions and fleet management programs entered into also rose. In Argentina, the level of financial services contracts was stable in spite of challenging, though slowly improving macroeconomic conditions.

The Chinese automotive market witnessed a further rise in demand for electrified and used vehicles in the reporting year. In addition, banks were increasingly gaining a foothold in the market with their

own products. This, in turn, also affected demand for automotive financial services. In Japan, the financial and insurance market remained relatively stable in the reporting year despite waning vehicle demand and rising interest rates; innovations in the insurance sector provided a source of positive impetus.

The financial services business for heavy commercial vehicles was slightly up on the prior-year level in fiscal year 2024. The long delivery times for commercial vehicles normalized over the course of the year thanks to improvements in supply chains.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

In 2024, the volume of the passenger car market worldwide was slightly up on the prior-year figure, with most regions developing favorably. Western Europe was on a level with the previous year, while the Middle East region came in slightly lower. The supply situation continued to return to normal levels and the affordability of vehicles improved in some regions of the world.

The global volume of new registrations of light commercial vehicles in fiscal year 2024 was similar to the previous year.

Sector-specific environment

Along with fiscal policy measures, the sector-specific environment was affected by the economic situation, which contributed to the mixed trends in unit sales in the markets in the fiscal year now ended. The fiscal policy measures included tax cuts or increases, the introduction, expiry and adjustment of incentive programs and sales incentives, as well as import duties. In addition, non-tariff trade barriers to protect the respective domestic automotive industries made the movement of vehicles, parts and components more difficult.

North America

Sales of passenger cars and light commercial vehicles (up to 6.35 tonnes) were up slightly in the North America region in fiscal year 2024. With the availability and affordability of new vehicles improving on average, the volume of the US market was slightly higher than in the previous year. Canada and Mexico both recorded a noticeable improvement year-on-year.

South America

In the South America region, the volume of new vehicle registrations for passenger cars and light commercial vehicles was noticeably higher in the reporting year than for 2023. The number of new registrations in Brazil increased significantly compared with the previous year, while the Argentinian market recorded a noticeable contraction.

Asia-Pacific

In the Asia-Pacific region, the volume of the passenger car market from January to December 2024 was similar to the previous year. The number of new registrations in the Chinese passenger car market was slightly higher than the 2023 figure due to measures including extensive government sales incentives and lower prices. The Indian passenger car market also saw slight growth. In Japan, by contrast, the market declined noticeably and had a dampening effect on growth in the region.

In 2024, the volume of demand for light commercial vehicles in the Asia-Pacific region was slightly below the level for the previous year. Registration volumes in China, the region's dominant market and the largest market worldwide, tapered off noticeably compared with the period one year earlier.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

In the markets that are relevant for the Volkswagen Group, demand for mid-sized and heavy trucks with a gross weight of more than six tonnes experienced slightly weaker growth in fiscal year 2024 versus the comparison period. Global truck markets were likewise slightly below the prior-year level.

Türkiye recorded a significant drop in new registrations. There was a noticeable fall in demand in the South African market. The truck market in North America is divided into weight classes 1 to 8. In the segments relevant for Volkswagen – Class 6 to 8 (8.85 tonnes or heavier) – the level of new registrations was slightly lower than in the previous year. In contrast, in Brazil, the largest market in the South America region, demand for trucks in the reporting year was significantly up year-on-year.

Demand in the bus markets relevant for the Volkswagen Group was on a level with 2023. The school bus segment in the USA and Canada saw a noticeable decline compared with the prior year, while new registrations of buses in Mexico were significantly higher than in the previous year. Brazil reported a noticeable year-on-year growth in demand for buses.

GLOBAL DELIVERIES TO CUSTOMERS OF THE VOLKSWAGEN GROUP

	DELIVERIES OF VEHICLES		
	2024	2023	Change in percent
Deliveries of passenger cars worldwide¹	8,693,208	8,901,350	-2.3
Volkswagen Passenger Cars	4,796,931	4,866,803	-1.4
ŠKODA	926,567	866,820	+6.9
SEAT/CUPRA	558,159	519,176	+7.5
Volkswagen Commercial Vehicles	408,285	409,418	-0.3
Audi	1,671,218	1,895,240	-11.8
Lamborghini	10,687	10,112	+5.7
Bentley	10,643	13,560	-21.5
Porsche	310,718	320,221	-3.0
Deliveries of commercial vehicles worldwide²	334,216	338,184	-1.2
Scania	102,120	96,568	+5.7
MAN	95,705	115,653	-17.2
Navistar	90,562	88,890	+1.9
Volkswagen Truck & Bus	45,829	37,073	+23.6

1 The delivery figures of the previous year have been updated following statistical updates. Including Chinese joint ventures.

2 The delivery figures for the prior year have been restated following statistical updates.

FINANCIAL PERFORMANCE

The explanations of the financial performance relate to continuing operation of Volkswagen Financial Services Overseas AG.

The course of business was positive for the companies of Volkswagen Financial Services Overseas AG in fiscal year 2024 despite the fall in earnings, which had been anticipated.

The operating result fell very sharply year-on-year to €460 (753¹) million. This was mainly due to the very strong increase in the provision for credit risks following the elimination of the prior year's positive one-time item.

Profit before tax was down very sharply year-on-year at €396 (915) million.

Return on equity amounted to 9.2² (19.0)%.

Interest income from lending transactions and marketable securities was €2,585 million (+0.5%) and therefore on a level with the previous year.

Net income from leasing transactions amounted to €457 (373) million, a strong increase compared to the previous year's level. This was mainly due to the increased volume of contracts in Brazil. The impairment losses on lease assets of €11 (6) million included in net income from leasing transactions were attributable to current market fluctuations and expectations.

Interest expenses were slightly above the previous year's level at €1,729 (1,652) million.

Net income from service contracts amounted to €19 (18) million and was significantly above the prior-year figure.

At €-233 (76) million, the provision for credit risks was very markedly higher than the prior year's figure and was mainly attributable to Brazil and China. In the previous year, the provision for credit risks was greatly impacted by one-time items caused by the reversal of additional country-specific valuation allowances of €439 million. As of the end of fiscal year 2024, no additional country-specific valuation allowances were necessary.

Net fee and commission income amounted to €55 (58) million, a noticeable decrease on the prior-year figure.

General and administrative expenses were slightly down on the previous year at €447 (469) million.

The overhead ratio was 1.4³%.

Net other operating expenses was slightly below the prior-year level at €208 (217) million. An amount of €22 (21) million was added to the provisions for legal risks and recognized through profit or loss in net other operating income/expenses.

The share of profits and losses of equity-accounted joint ventures saw a strong decrease year-on-year to €-44 (50) million. This was mainly due to the loss after tax of the Turkish joint venture.

The net gain/loss on miscellaneous financial assets €-12 (103) million in the current fiscal year includes impairment losses of €13 million for unconsolidated subsidiaries.

On the basis of these figures, together with the other income and expense components, the Volkswagen Financial Services Overseas AG Group generated profit after tax of €184 (552) million.

Under Volkswagen Financial Services Overseas AG's current control and profit-and-loss transfer agreement, a profit of €207 million reported by Volkswagen Financial Services Overseas AG in its single-entity financial statements prepared in accordance with the HGB was transferred to the sole shareholder, Volkswagen AG.

¹ Changes to prior-year figures in accordance with the explanations in the notes concerning the corrected accounting of provisions for fair value balances under "Changes to Prior-Year Figures"

² The figure was determined using calculated total assets as of January 1, 2024 (December 31, 2023: total assets – assets held for sale (IFRS 5)

+ Liabilities associated with assets held for sale (IFRS 5)).

³ The figure was determined using calculated total assets as of January 1, 2024 (December 31, 2023: total assets – assets held for sale (IFRS 5)).

NET ASSETS AND FINANCIAL POSITION

Lending business

At 27.8 billion in total, loans to and receivables from customers and lease assets – which make up the core business of the Volkswagen Financial Services Overseas AG Group – accounted for approximately 89% of the Group's total assets.

The volume of retail lending decreased by a total of €2.7 billion to 19.1 billion (–12.4%). The decline was mainly attributable to China.

The number of new retail financing contracts came to 699 thousand, which was below the prior-year level (827 thousand). The number of current contracts stood at 1,970 (2,207) thousand at the end of the year.

The overall lending volume in dealer financing – which comprises loans to and receivables from Group dealers in connection with financing for inventory vehicles, as well as working capital and investment loans – decreased to €4.4 billion (–10.1%).

Overall, receivables from leasing transactions were slightly above the previous year's level at €1.1 billion (+2.0%). Lease assets recorded overall growth of €0.1 billion to €2.5 billion (+4.6%).

A total of 143 thousand new leases were entered into in the reporting period. There were 200 thousand lease vehicles in the contract portfolio as of December 31, 2024. The largest contribution came from LM Transp. Interestaduais Serviços e Comércio S.A., Salvador, Brazil, which has a contract portfolio of 91 thousand lease vehicles.

Total assets of the Volkswagen Financial Services AG Overseas Group fell to €31.4 billion year-on-year (–78.6%). This decline was mainly attributable to the restructuring.

There were 2,476 thousand service and insurance contracts at the end of the year. The new business volume of 1,097 thousand contracts was up on the prior-year figure (1,024 thousand).

Deposit business and borrowings

In terms of capital structure, the significant liability items included liabilities to banks in the amount of €14.1 billion (–13.9%), liabilities to customers amounting to €3.3 billion (–13.9%) and notes, commercial paper issued in the amount of €8.6 billion (+8.8%). Further details on the funding and hedging strategy can be found in the Liquidity Analysis and Funding sections and in the disclosures on interest-rate risk and liquidity risk in the risk report.

Subordinated capital

The subordinated capital was strongly below the previous year's level at €0.1 billion (–26.7%).

Equity

The subscribed capital of Volkswagen Financial Services AG remained unchanged at €441 million in fiscal year 2024. Equity in accordance with the IFRSs was €4.0 (22.9) billion. This resulted in an equity ratio (equity divided by total assets) of 12.7% based on total assets of €31.4 billion.

Changes in off-balance-sheet liabilities

Off-balance-sheet liabilities increased by a total of €4,241 million year-on-year to €4,983 million as of December 31, 2024.

Following the spin-off and absorption of the shares of Volkswagen Leasing GmbH by Volkswagen Bank GmbH, the special liability provision of section 133 of the *Umwandlungsgesetz* (German Transformation Act – UmwG) means that there is joint and several liability for the legacy liabilities of the former Volkswagen Financial Services AG, now Volkswagen Financial Services Overseas AG, although this liability is limited to the allocated net assets of VW Leasing GmbH. Since the lion's share of the liabilities of former Volkswagen Financial Services AG, now Volkswagen Financial Services Overseas AG, has been transferred to the present-day financial holding company Volkswagen Financial Services AG by way of a spin-off, the joint and several liability essentially extends to the legacy liabilities that were transferred to the financial holding company Volkswagen Financial Services AG. Volkswagen Financial Services AG has placed a cash deposit with Volkswagen Bank GmbH to ensure compliance with the Volkswagen Bank GmbH Group's large exposure provisions.

KEY FIGURES BY SEGMENT AS OF DECEMBER 31, 2024

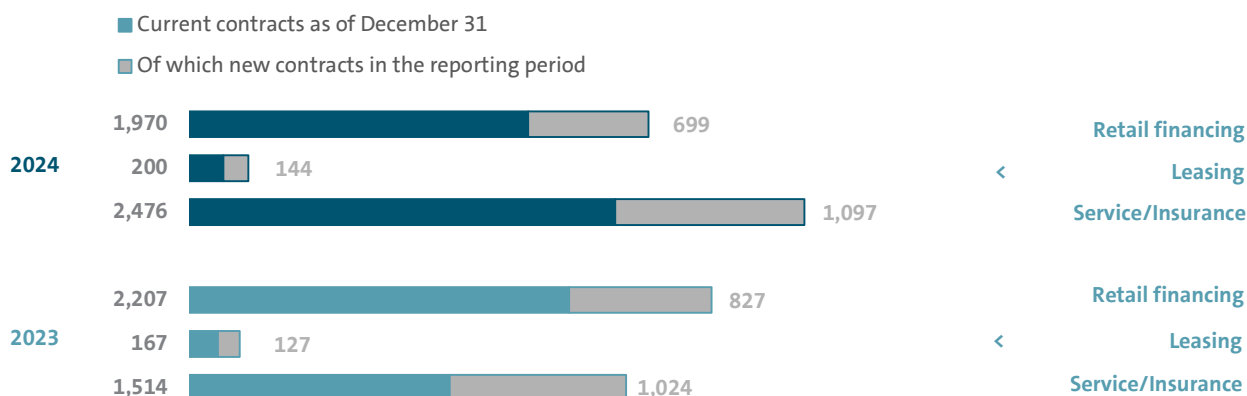
in thousands						VW FS Overseas AG	
	Brazil	Mexico	China	Australia	Other companies ¹	Group	
Current contracts	1,550,797	822,387	782,718	191,749	1,298,474	4,646,125	
Retail financing	539,931	160,482	767,329	162,196	339,749	1,969,687	
of which: consolidated	539,931	160,482	767,329	162,196	171,526	1,801,464	
Leasing business	91,146	50,496	15,389	7,719	35,732	200,482	
of which: consolidated	91,146	50,496	15,044	7,719	25,116	189,521	
Service/insurance	919,720	611,409	–	21,834	922,993	2,475,956	
of which: consolidated	919,720	514,296	–	21,834	256,667	1,712,517	
New contracts	809,870	347,293	186,128	68,723	528,067	1,940,081	
Retail financing	265,783	73,524	162,385	59,838	137,955	699,485	
of which: consolidated	265,783	73,524	162,385	59,838	58,638	620,168	
Leasing business	77,454	24,252	23,743	3,316	15,126	143,891	
of which: consolidated	77,454	24,252	23,511	3,316	6,036	134,569	
Service/insurance	466,633	249,517	–	5,569	374,986	1,096,705	
of which: consolidated	466,633	189,935	–	5,569	87,318	749,455	
€ million							
Loans to and receivables from customers attributable to							
Retail financing	6,561	1,697	5,029	3,279	2,558	19,125	
Dealer financing	386	843	860	1,791	540	4,421	
Leasing business	97	648	1	64	314	1,124	
Lease assets	1,732	144	2	62	515	2,455	
Investment ²	1,232	14	2	48	186	1,481	
Operating result	197	160	145	47	–90	460	
Percent							
Penetration ³	41.2	43.7	4.7	45.6	27.2	13.5	
of which: consolidated	41.2	43.7	4.7	45.6	46.6	12.8	

1 The other companies include the markets of Japan, Korea and Taiwan, as well as the markets of Argentina, India, South Africa and Türkiye in terms of the number of contracts and the penetration rate. They also include the Volkswagen Financial Services Overseas AG holding company, the holding companies in the Netherlands and consolidation effects.

2 Corresponds to additions to lease assets classified as noncurrent assets.

3 Ratio of new contracts for new Group vehicles under retail financing and leasing business to deliveries of Group vehicles

NEW AND EXISTING CONTRACTS AS OF DECEMBER 31 AS OF DECEMBER 31, 2024



LIQUIDITY ANALYSIS

Following the restructuring, the companies that remain part of Volkswagen Financial Services Overseas AG are mainly funded in the local markets. The companies are funded primarily through capital market and ABS (asset-backed securities) programs, bank credit lines and loans from companies of the Volkswagen AG Group. Committed and uncommitted credit facilities with companies of the Volkswagen AG Group are also available to protect against unexpected fluctuations in the liquidity position.

Within the context of an outsourcing agreement to ensure that there is appropriate liquidity management, Treasury prepares liquidity maturity balances, carries out cash flow forecasts and takes action as required.

Funding and liquidity management are conducted locally by the subsidiaries of Volkswagen Financial Services Overseas AG. Volkswagen Financial Services Overseas AG has established an internal control system (ICS) to measure the liquidity risk for the subsidiaries. The liquidity risk is managed using a maturity structure for Treasury liabilities. The limits are reviewed each month in a process that acts as an early warning indicator. The central reporting takes place on a quarterly basis.

Various subsidiaries of Volkswagen Financial Services Overseas AG must fulfill a variety of regulatory liquidity requirements at local level.

FUNDING

Strategic principles

In terms of funding, Volkswagen Financial Services Overseas AG pursues a strategy of diversification. This includes optimizing available instruments, currencies, terms and interest rates, taking account of cost and risk aspects.

Funding for the international entities is also intended to be largely procured locally. Bank credit lines, ABSs and unsecured capital market bonds are the strategic funding instruments for this purpose.

Implementation

Implementation of the reorganization has resulted in structural changes and changes under company law in respect of the bonds issued before July 1, 2024, that are commercially attributable to the European companies. Outstanding bonds and guarantees were transferred from Volkswagen Financial Services Overseas AG to Volkswagen Financial Services AG, the new financial holding company in Europe, making the latter the principal debtor and guarantor for these bonds from July 1, 2024.

Bonds of the European issuers such as Volkswagen Financial Services N.V. and Volkswagen Leasing GmbH remain with the entities that issued them. However, from July 1, 2024, Volkswagen Financial Services Aktiengesellschaft became the principal debtor in respect of all obligations or in connection with the guarantees relating to the bonds issued by Volkswagen Leasing GmbH and Volkswagen Financial Services N.V.

The new capital market program of €5 billion for Volkswagen Financial Services Overseas AG was established on September 25, 2024.

Volkswagen Financial Services Overseas AG and its subsidiaries issued 31 bonds in different currencies during the year under review. In addition to euro bonds, bonds denominated in pounds sterling, Swedish krona, Norwegian krone, Japanese yen and, for the first time, Swiss francs were issued under the Volkswagen Financial Services AG's former debt issuance program. Bonds based on local documentation requirements were also issued in Poland, Australia, Brazil, Mexico, Korea and Türkiye.

The following tables show the transaction details:

CAPITAL MARKET TRANSACTIONS IN THE FIRST HALF OF 2024

Issuer	Month	Volume and currency	Maturity	Remarks
Volkswagen Leasing GmbH, Braunschweig ¹	January	850 million EUR	2.75 years	
Volkswagen Leasing GmbH, Braunschweig ¹	January	1,15 billion EUR	4.75 years	
Volkswagen Leasing GmbH, Braunschweig ¹	January	750 million EUR	7.25 years	
Volkswagen Financial Services N.V., Amsterdam ¹	January	300 million CHF	3 years	
Volkswagen Financial Services N.V., Amsterdam ¹	January	300 million CHF	6 years	
Volkswagen Financial Services N.V., Amsterdam ¹	January	350 million SEK	1.89 years	
Volkswagen Financial Services Japan Ltd., Tokyo	January	4 billion JPY	1 year	
Volkswagen Financial Services Australia Pty. Ltd., Chullora	February	500 million AUD	3 years	
Volkswagen Financial Services Japan Ltd., Tokio	February	3 billion JPY	1 year	
LM Transportes Interestaduais Serviços e Comércio S.A., Salvador	March	800 million BRL	3 years	
Volkswagen Financial Services Korea Co., Ltd., Seoul	April	136 billion KRW	3 years	
Volkswagen Financial Services Polska Sp. z o.o., Warsaw ¹	April	200 million PLN	3 years	
Volkswagen Financial Services Polska Sp. z o.o., Warsaw ¹	April	1.5 billion PLN	3 years	
Volkswagen Leasing S.A. de C.V., Puebla	April	1.4 billion MXN	2.5 years	
Volkswagen Leasing S.A. de C.V., Puebla	April	1.1 billion MXN	5 years	
Volkswagen Financial Services N.V., Amsterdam ¹	May	800 million NOK	3 years	
Volkswagen Financial Services Japan Ltd., Tokyo	June	3 billion JPY	2 years	
Volkswagen Doğuş Finansman A.Ş., Istanbul	June	500 million TRY	2 years	
Banco Volkswagen S.A., São Paulo	June	288.1 million BRL	2 years	
Banco Volkswagen S.A., São Paulo	June	337.95 million BRL	3 years	
Banco Volkswagen S.A., São Paulo	June	373.95 million BRL	4 years	
Volkswagen Financial Services AG, Braunschweig	June	800 million EUR	2.25 years	spin-off
Volkswagen Financial Services AG, Braunschweig	June	700 million EUR	3 years	spin-off
Volkswagen Financial Services AG, Braunschweig	June	750 million EUR	6.25 years	spin-off
Volkswagen Financial Services Australia Pty. Ltd., Chullora	June	350 million AUD	4 years	

¹ Transfer to Volkswagen Financial Services AG Group in the course of the restructuring

CAPITAL MARKET TRANSACTIONS IN THE SECOND HALF OF 2024

Issuer	Month	Volume and currency	Maturity	Remarks
Volkswagen Leasing S.A. de C.V., Puebla	September	1.7 billion MXN	3 years	
Volkswagen Leasing S.A. de C.V., Puebla	September	2.3 billion MXN	4.5 years	
Volkswagen Doğuş Finansman A.Ş., Istanbul	October	400 million TRY	2 years	
Volkswagen Doğuş Finansman A.Ş., Istanbul	October	600 million TRY	2 years	
LM Transportes Interestaduais Serviços e Comércio S.A., Salvador	October	1.5 billion BRL	5 years	
Volkswagen Doğuş Finansman A.Ş., Istanbul	November	860 Mio. TRY	2 Jahre	

In addition, asset-backed securities (ABSs) were issued. Through its subsidiaries, Volkswagen Financial Services Overseas AG was active with various ABS transactions in global markets, including Australia, China and Japan.

ABS TRANSACTIONS IN THE FIRST HALF OF 2024

Originator	Transaction name	Month	Country	Volume and currency
Volkswagen Financial Services Japan Ltd., Tokyo	Driver Japan 13	February	Japan	58.8 billion JPY
Volkswagen Financial Services Australia Pty. Ltd., Chullora	Driver Australia 9	May	Australia	750 million AUD
Volkswagen Finance (China) Co., Ltd., Beijing	Driver China 15	May	China	6.0 billion RMB

ABS TRANSACTIONS IN THE SECOND HALF OF 2024

Originator	Transaction name	Month	Country	Volume and currency
Volkswagen Financial Services Australia Pty. Ltd., Chullora	Driver Australia 10	October	Australia	750 million AUD

Ratings

Volkswagen Financial Services Overseas AG is a wholly owned subsidiary of Volkswagen AG and, as such, its credit ratings with Moody's Investors Service (Moody's), Standard & Poor's Global Ratings (S&P) and Fitch Ratings Limited (Fitch) are closely associated with those of the Volkswagen Group. The three aforementioned rating agencies affirmed the ratings of Volkswagen Financial Services Overseas AG (prior to July 1, 2024 under the name Volkswagen Financial Services AG) as of July 1, 2024. S&P affirmed its A-2 (short-term) and BBB+ (long-term) ratings for Volkswagen AG and Volkswagen Financial Services Overseas AG. The outlook for Volkswagen AG and Volkswagen Financial Services Overseas AG remains "stable". Moody's affirmed its P-2 (short-term) and A3 (long-term) ratings for Volkswagen AG and Volkswagen Financial Services Overseas AG. On October 10, 2024, the outlook was reduced from "stable" to "negative", first for Volkswagen AG and then for Volkswagen Financial Services Overseas AG. Fitch affirmed its F1 (short-term) and A- (long-term) ratings for Volkswagen AG and Volkswagen Financial Services Overseas AG. The outlook for Volkswagen AG and Volkswagen Financial Services Overseas AG remains "stable".

Viewed overall, affirmation of the ratings reflects the overall stability of the Volkswagen Group during the current transition phase to electromobility. The negative outlook issued by Moody's mirrors the current challenges faced by the automotive industry as a whole.

Volkswagen Financial Services Overseas AG

(Condensed, in accordance with the HGB)

BUSINESS PERFORMANCE 2024

Due to the restructuring implemented in the reporting period and the associated spin-off of the European operation to Volkswagen Financial Services AG (formerly known as Volkswagen Financial Services Europe AG), there is only limited scope for a meaningful analysis of the differences compared with the prior-year figures. The spin-off was implemented with retrospective effect to January 1, 2024. This resulted in significant reductions in assets, liabilities, expenses and income.

Volkswagen Financial Services Overseas AG reported a result from ordinary activities after tax amounting to a profit of €208 million for fiscal year 2024.

Sales revenue amounted to €2 (766) million, with cost of sales coming to €2 (751) million. These items include the income from cost allocations to group companies and the expenses related to personnel and administrative costs.

Other operating income came to €17 (122) million, with other operating expenses amounting to €3 (54) million. Other operating income mainly comprised income from the reversal of provisions.

Net investment income increased by €79 million to €258 (179) million, primarily because of the dividends distributed by Volkswagen Leasing S.A. de C.V., Mexico (€249 million).

The profit after tax amounted to €208 million. Taking account of an amount of €1 million that is blocked for distribution within the meaning of section 268(8) of the HGB, €207 million will be transferred pursuant to the existing control and profit-and-loss transfer agreement.

Total assets declined by a significant 90.27%, from €31,421 million to €3,058 million.

Receivables from affiliated companies fell by €10,253 million (–90.37%). They largely consist of loan receivables, time deposits and current account balances.

The strong reduction in the number of employees resulted in significantly lower provisions for pensions and other HR-related provisions. The provisions therefore decreased by 97.68% to €21 million.

The company's liabilities declined by 89.1% to €2,539 million. These are mainly accounted for by liabilities to affiliated companies (€2,100 million) and other liabilities (€448 million).

The company's equity was reduced by 93.2%, from €7,132 million to €488 million.

Almost the entire capital reserves of €6,589 million were transferred by the company to the capital reserves of Volkswagen Financial Services AG as part of the restructuring.

The equity ratio was 16.0% (22.7%) as of the reporting date.

MANAGEMENT, AND OPPORTUNITIES AND RISKS RELATING TO THE BUSINESS PERFORMANCE OF VOLKSWAGEN FINANCIAL SERVICES OVERSEAS AG

Volkswagen Financial Services Overseas AG operates exclusively as a holding company and is integrated into the internal management concept of the Volkswagen Financial Services Overseas Group. It is thus subject to the same key performance indicators and the same opportunities and risks as the Volkswagen Financial Services Overseas Group. The legal requirements governing the management of Volkswagen Financial Services Overseas AG as a legal entity are observed using key performance indicators such as net assets, net income and liquidity. This internal management concept and these opportunities and risks are described in the section on the fundamental information about the Volkswagen Financial Services Overseas AG Group as well as in the report on opportunities and risks in this management report.

INCOME STATEMENT OF VOLKSWAGEN FINANCIAL SERVICES AG, BRAUNSCHWEIG, FOR FISCAL YEAR 2024

€ million	2024	2023
Sales	2	766
Cost of sales	-2	-751
Gross profit on sales	-	15
General and administrative expenses	-27	-273
Other operating income	17	122
Other operating expenses	-3	-54
Net income from long-term equity investments	259	179
of which income under profit and loss transfer agreements	-	410
of which expenses from absorption of losses	-	-533
Financial result	-40	-303
of which income from affiliated companies	66	-
of which expenses from affiliated companies	-60	-
Income tax expense	2	-9
Profit after tax	208	-323
Profits transferred under a profit-and-loss transfer agreement	-207	-
Losses absorbed under a profit-and-loss transfer agreement	-	323
Net income	1	-
Profit brought forward	2	2
Asset reductions due to division	-6,589	-
Equity shares released to cover the reduction in assets	6,589	-
Transfer to other profit reserves	-3	-
Net retained profits	-	2

BALANCE SHEET OF VOLKSWAGEN FINANCIAL SERVICES OVERSEAS AG, BRAUNSCHWEIG, AS OF DECEMBER 31, 2024

€ million	31.12.2024	31.12.2023
Assets		
A. Fixed assets		
I. Financial assets	1,942	12,440
	1,942	12,440
B. Current assets		
I. Receivables and other assets	1,109	18,959
II. Cash-in-hand and bank balances	–	3
	1,109	18,962
C. Prepaid expenses	7	19
Total assets	3,058	31,421
Equity and liabilities		
A. Equity		
I. Subscribed capital	441	441
II. Capital reserves	–	6,589
III. Retained earnings	47	100
IV. Net retained profits	–	2
	488	7,132
B. Provisions	21	904
C. Liabilities	2,549	23,384
D. Deferred income	0	1
Total equity and liabilities	3,058	31,421

Report on Opportunities and Risks

The active management of opportunities and risks is a fundamental element of the successful business model used by Volkswagen Financial Services Overseas AG.

OPPORTUNITIES AND RISKS

In this section, the opportunities and risks that arise in connection with business activities are presented. The opportunities and risks are grouped into various categories. Unless specifically stated, there were no material year-on-year changes to the individual risks or opportunities.

Analyses of the competitive and operating environment are used, together with market observations, to identify not only risks but also opportunities, which then have a positive impact on the design of products, the success of the products in the marketplace and on the cost structure. Opportunities and risks that are expected to materialize have already been taken into account in the medium-term planning and forecast. The following sections therefore describe fundamental opportunities that could lead to a positive variance from the forecast and also present a detailed description of relevant risks.

Macroeconomic opportunities and risks

In a challenging market environment, the Board of Management of Volkswagen Financial Services Overseas AG anticipates that the number of deliveries to customers by the Volkswagen Group in 2025 will be on a level with the previous year. Volkswagen Financial Services Overseas AG supports sales of vehicles by supplying financial services products.

Declining inflation in major economic regions and the resulting easing of monetary policy are expected to boost consumer demand. We continue to believe that risks will arise from increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine conflict and the confrontations in the Middle East, and the increasing uncertainties regarding the political orientation of the USA. We assume that both advanced economies and emerging markets will see slightly weaker momentum on average than in the reporting year.

We also expect the global economy to continue on a path of stable growth until 2029. The macroeconomic environment could, however, also create opportunities for Volkswagen Financial Services AG if inflation takes a more positive path than anticipated, for example, or if geopolitical tensions ease and economic growth proves stronger as a result.

Strategic opportunities and risks

In addition to maintaining its international focus by tapping into new markets, Volkswagen Financial Services Overseas AG believes that developing innovative products that are tailored to customers' changing mobility requirements offers additional opportunities. Growth areas such as mobility products and service offerings are being systematically developed and expanded. Further opportunities may be created by launching established products in new markets.

Volkswagen Financial Services Overseas AG expects to be presented with opportunities arising from the digitalization of its business. The aim is to make all key products also available online around the world and to expand the Company's role as the Volkswagen Group's central mobility platform provider. This will create opportunities to tap into new customer groups, develop new sales channels and open up new ways to boost efficiency and grow revenue.

The expansion of the digital sales channels promotes direct sales to supplement the dealership business. Changing customer needs are thus addressed and the competitive position of Volkswagen Financial Services Overseas AG reinforced.

Opportunities from credit risk

Opportunities may arise in connection with credit risk if the losses actually incurred on lending transactions or in the lease business turn out to be lower than the prior calculations of expected loss and the associated provisions recognized on the basis thereof. Particularly due to macroeconomic volatility in individual countries, the realized losses may be lower than the expected losses if the economic situation stabilizes and borrowers' credit ratings improve as a result.

Opportunities from residual value risk

When vehicles are remarketed, the Volkswagen Financial Services Overseas AG Group may be presented with the opportunity to achieve a price that is higher than the calculated residual value if prices actually achieved from remarketing rise more than anticipated because of an increase in demand for used vehicles or other factors causing supply bottlenecks for new vehicles.

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM AND THE INTERNAL RISK MANAGEMENT SYSTEM AS REGARDS THE FINANCIAL REPORTING PROCESS

The internal control system (ICS) for the accounting system that is used for the consolidated and annual financial statements and management report of Volkswagen Financial Services Overseas AG is defined as the sum of all principles, procedures and activities aimed at ensuring the effectiveness and propriety of the financial reporting and compliance with the relevant legal requirements. The internal risk management system (IRMS) for the accounting system relates to the risk of misstatement in the bookkeeping at a Company and Group level, as well as in external financial reporting. The sections below describe the principal elements of the ICS/IRMS for the accounting process used for the consolidated and annual financial statements and management report of Volkswagen Financial Services Overseas AG.

- > The Board of Management of Volkswagen Financial Services Overseas AG is the governing body with responsibility for the executive management of the business and has concluded a service agreement with the Accounting division of Volkswagen Financial Services AG (service provider) as of July 1, 2024, to ensure that the accounting and financial reporting processes of the individual entities and of the Volkswagen Financial Services AG Group are carried out properly. This agreement describes the services performed by the service provider, including the type of services and the manner in which they are provided, the documentation of the relevant processes and the obligations of Volkswagen Financial Services Overseas AG as the principal to provide assistance. In the context of outsourcing, the services provided by the principal are monitored using the controls implemented.

- > The Board of Management of Volkswagen Financial Services Overseas AG has also integrated an accounting function into its own organization to ensure consultation in respect of the requirements and schedules for the services to be performed by the service provider, the coordination of the service provider and the performance of quality assurance by Volkswagen Financial Services Overseas AG.
- > Group-wide rules and regulations serve as the basis for a standardized, proper and continuous financial reporting process.
- > Accounting regulations including the IFRS Accounting Standards (IFRS) define the accounting policies for the entities included in the consolidated financial statements of the Volkswagen Financial Services Overseas AG Group. Accounting regulations including the accounting standards specified by German commercial law (HGB) define the accounting policies for the single-entity consolidated financial statements of Volkswagen Financial Services Overseas AG.
- > The accounting regulations also stipulate specific formal requirements for the consolidated financial statements. In addition to defining the basis of consolidation, the components of the IFRS reporting packages to be prepared by the Group companies are also defined in detail. Moreover, the accounting regulations contain specific requirements for mapping and processing intragroup transactions and the resulting reconciliation of balances.
- > At the Group level, specific control activities by the service provider aimed at ensuring that the consolidated financial reporting provides a true and fair view include the analysis and possible correction of the IFRS reporting packages prepared by the consolidated entities, taking account of the reports submitted by the auditor or of the audit meetings held in this connection.
- > The service provider's monitoring and review mechanisms are designed with both integrated and independent process components. Automated IT processing controls account for a significant proportion of the integrated process activities alongside manual process controls, such as the Four-eyes-principle.
- > The Internal Audit department of Volkswagen Financial Services Overseas AG is a key component of the monitoring and control system. It carries out regular audits of accounting-related processes as part of its risk-oriented auditing activities and reports on these audits directly to the Board of Management of Volkswagen Financial Services Overseas AG. In addition, as part of its risk-oriented auditing activities, the Internal Audit department of Volkswagen Financial Services AG carries out regular audits of accounting-relevant processes performed by the service provider.

In summary, the ICS and IRMS for the consolidated and annual financial statements and management report of Volkswagen Financial Services Overseas AG are intended to ensure that the financial position of the individual entities and of the Volkswagen Financial Services Overseas AG Group as of the reporting date December 31, 2024 has been based on information that is reliable and has been properly recognized. In addition, the accurate recording, processing and evaluation of all transactions and recording them in the accounting system as a whole must be ensured.

No material changes were made to the internal monitoring and control system for the consolidated and annual financial statements and management report of Volkswagen Financial Services Overseas AG after the reporting date.

ORGANIZATIONAL STRUCTURE OF THE RISK MANAGEMENT SYSTEM

At Volkswagen Financial Services Overseas AG, risk is defined as the danger of loss or damage that could occur if an expected future development turns out to be less favorable than planned. Volkswagen Financial Services Overseas AG, including its subsidiaries and equity investments, is exposed to a large number of risks typical for the financial services sector within the scope of its primary operating activities. It accepts these risks to ensure that it can exploit any resulting market opportunities.

The organizational structure of the Volkswagen Group's Risk Management System/Internal Control System is based on the internationally recognized COSO Enterprise Risk Management Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management (COSO-ERM). The structure of the Risk Management System/Internal Control System in accordance with the COSO ERM Integrated Framework also ensures that potential areas of risk in the Volkswagen Financial Services Overseas AG Group are comprehensively covered by the risk management processes. Risk is managed using a risk management system based on a three-lines model. This structure functions as a monitoring and control system for risk. The system comprises a framework of risk principles, organizational structures and processes for assessing and monitoring risks. The individual elements are tightly focused on the activities of the individual divisions. This structure makes it possible to identify at an early stage any trends that could represent a risk to the business as a going concern so that appropriate corrective action can then be initiated.

One of the functions of the Risk Management division is to provide frameworks (second line) for the organization of the Risk Management System. This function includes drawing up and coordinating risk policy guidelines (to be carried out by the risk owner) and developing and maintaining methodologies and processes relevant to risk management, as well as issuing internal framework standards for the procedures to be used around the world.

Risk Management, which is a neutral and independent division, reports directly to the Chief Financial Officer and thus to the full Board of Management of Volkswagen Financial Services Overseas AG. Local risk management (first line) ensures that the requirements applicable to the international subsidiaries are implemented and complied with. On-site local risk management is responsible for the detailed design of models and procedures for measuring and managing risks, and carries out local implementation of processes and technical features.

Appropriate procedures are in place to ensure that risk management is adequate. The relevant risk owner for individual risk categories continuously monitors and manages risks, which are pooled and reported to the Board of Management by Risk Management. The individual elements in the system are regularly verified on a risk-oriented basis by Internal Audit (third line).

The Chief Financial Officer is responsible within Volkswagen Financial Services Overseas AG for overall risk monitoring. In this role, he submits regular reports to the Audit Committee, Supervisory Board and Board of Management on the overall risk position of Volkswagen Financial Services Overseas AG.

An important feature of the risk management system at Volkswagen Financial Services Overseas AG is the clear, unequivocal separation of tasks and areas of responsibility, both organizationally and in terms of personnel, between the holding company (Risk Management division) and the markets (local risk management) to ensure that the system is fully functioning at all times and regardless of the personnel involved.

BUSINESS STRATEGY AND RISK MANAGEMENT

Fundamental decisions relating to strategy and the instruments of risk management are the responsibility of the Board of Management. As part of this overall responsibility, the Board of Management has introduced a strategy process and drawn up a business strategy.

The MOBILITY2030 business strategy sets out the fundamental views of the Board of Management of Volkswagen Financial Services Overseas AG on fundamental matters relating to business policy. It includes the objectives for each key business activity and the strategic areas for action to achieve the relevant objectives.

The main risk management goals and measures for each category of risk provide direction for the business policy and risk appetite.

The focus of the strategy, which is adopted and communicated by the Board of Management and applies throughout the Group, is based on risk appetite and the steering approach for each risk category. Risk appetite and the steering approach are defined on a regular basis for all categories of risk that have been deemed material by the Board of Management. They have an impact on the extent to which risk management measures are implemented by the risk owner for the individual risk categories. Further details and specifics of the individual risk categories are set out in operational requirements as part of the planning round in accordance with management requirements. The attainment of goals is reviewed on a regular basis and any variances are analyzed to establish the causes.

As of July 1, 2024, following implementation of the restructuring, the new Board of Management took the decision to update the risk appetite and the steering approach to reflect the markets and business areas of Volkswagen Financial Services Overseas AG. As a result, the underwriting risk within Volkswagen Financial Services Overseas AG no longer exists and is therefore no longer substantial.

RISK-BEARING CAPACITY

Volkswagen Financial Services Overseas AG has established a system for determining risk-bearing capacity, in which risk is compared with the risk-taking potential. The outcome of an analysis of substantial risks that could jeopardize the continued existence of the business as a going concern forms the basis for inclusion in the calculation of risk-bearing capacity. The Company is deemed to have maintained its risk-bearing capacity if, as a minimum, the substantial risk categories are covered by the risk-taking potential. Risks are quantified using methodologies that reflect an unexpected loss within a certain period of time.

In accordance with the risk tolerance level laid down by the Board of Management of Volkswagen Financial Services Overseas AG, only a portion of the risk-taking potential is specified as the maximum risk that can be assumed (overall risk limit).

RISK CONCENTRATIONS

Volkswagen Financial Services Overseas AG is a captive financial services provider in the automotive sector. The business model, which focuses on promoting vehicle sales for the various Volkswagen Group brands, results in concentrations of risk, which can take a variety of forms.

Concentrations of risk can arise from an uneven distribution of activity in which:

- > Just a few borrowers/contracts account for a large proportion of the loans (counterparty concentrations)
- > A small number of sectors account for a large proportion of the loans (sector concentrations)
- > Many of the loans are to businesses within a defined geographical area (regional concentrations)

- > Loans/receivables are secured by just one type of collateral or by a limited range of collateral types (collateral concentrations)
- > Residual values subject to risk are limited to a small number of vehicle segments or models (residual value concentrations), or
- > Volkswagen Financial Services Overseas AG's income is generated from just a few sources (income concentrations).

One of the objectives of Volkswagen Financial Services Overseas AG's risk policy is to reduce such concentrations by means of broad diversification.

Counterparty concentrations from customer financing are only of minor significance because of the large proportion of business accounted for by retail lending. In terms of regional distribution, the Company aims for broadly based diversification of business across regions.

In contrast, sector concentrations in the dealership business are a natural part of the business for a captive and these concentrations are therefore individually analyzed.

Likewise, a captive cannot avoid collateral concentrations because the vehicle is the predominant collateral asset by virtue of the business model. A broad vehicle diversification means that there is no residual value concentration. Income concentration arises from the very nature of the business model. The special constellation in which the Company serves to promote Volkswagen Group sales results in certain dependencies that directly affect income growth.

SUBSTANTIAL RISK CATEGORIES AND RISK REPORTING

Based on the annual validation of the risk inventory, the following risk categories were assessed as substantial to Volkswagen Financial Services Overseas AG: credit risk, residual value risk, shareholder risk, liquidity risk, interest rate risk, operational risk, strategic risk and reputational risk. The product transparency process, business continuity management, the procurement process, project risks and compliance and integrity risks also receive particular attention as risk processes. The risk categories and the processes involving material risk provide the basis for the earnings risk, which is transparently presented in the planning and management process. Country risk is essentially covered by shareholder risk. Cross-border finance and intercompany loans are of only minor significance for affiliated companies of Volkswagen Financial Services Overseas AG. The currency risk is also not substantial. Hedging transactions are used to mitigate any risks that arise in this respect.

Risks are regularly reported to the Board of Management in the form of a management report. This includes key financial performance indicators and key risk data for selected substantial risk categories. The presentation of aggregated quantitative data for the Volkswagen Financial Services Overseas AG Group is accompanied by a presentation of the changes by market.

Ad hoc reports at risk-category level are generated as needed to supplement the system of regular reporting. These reports are used to ensure that the Board of Management is informed of any impending negative trends.

OVERVIEW OF SUBSTANTIAL RISK CATEGORIES

Financial risks	Nonfinancial risks
Credit risk	Operational risk
Residual value risk	Strategic risk
Shareholder risk	Reputational risk
Liquidity risk	
Interest rate risk	

FINANCIAL RISKS

Credit risk

Credit risk describes the risk of losses due to defaults in customer transactions, specifically by the borrower or lessee. Loans to and receivables from Volkswagen Group companies are also included in the analysis. Default occurs when the borrower or lessee is unable or unwilling to make the payments due. This includes late or partial payment of interest and principal on the part of the contracting party.

The aim of systematic credit risk monitoring by the international subsidiaries is to identify potential borrower or lessee insolvencies at an early stage, initiate any corrective action to prevent a potential default in good time and anticipate possible losses by recognizing appropriate write-downs or provisions. Significant borrowers or borrower units are also monitored by Risk Management.

If a loan default materializes, this represents the loss of a business asset, which has a negative impact on financial position and financial performance. If, for example, an economic downturn leads to a higher number of insolvencies or greater unwillingness of borrowers or lessees to make payments, the recognition of a higher write-down expense is required. This in turn has an adverse effect on the operating result.

Lending or credit decisions at Volkswagen Financial Services Overseas AG are made primarily on the basis of the borrower credit check. In the local entities, these credit checks use rating or scoring systems, which provide the relevant departments with an objective basis for reaching a decision on a loan or a lease.

A set of guidelines outlines the requirements for developing and maintaining the rating models. Another set of guidelines specifies the parameters for developing, using and validating the scoring systems in the retail business.

Rating systems for corporate customers

Volkswagen Financial Services Overseas AG Group uses rating systems to assess the creditworthiness of corporate customers if a defined threshold value for the limit/credit amount is exceeded or if a customer belongs to a risk-based group. This evaluation takes into account both quantitative factors (mainly data from annual financial statements) and qualitative factors (such as the prospects for future business growth, quality of management, market and industry environment, and the customer’s payment record). When the credit assessment has been completed, the customer is assigned to a rating class, which is linked to a probability of default. A centrally maintained, workflow-based rating application is used for the most part to support this analysis of creditworthiness. The rating determined for the customer serves as an important basis for decisions on whether to grant or renew a loan and for decisions on provisions. The models in use are largely centrally validated and monitored on a regular basis, and are adjusted if required. The scoring systems described in the following section are used for customers below the aforementioned threshold value.

Scoring systems in the retail business

Scoring systems are used in the processes for credit approval and for evaluating the existing portfolio to determine the creditworthiness of the retail customers. These scoring systems provide an objective basis for credit decisions. The systems use information about the borrower available internally and externally and estimate the probability of default for the requested loan, generally with the help of statistical methods based on historical data covering a number of years. An alternative approach adopted for smaller or low-risk portfolios also uses generic, robust scorecards and expert systems to assess the risk involved in credit applications. To classify the risk in the credit portfolio, both behavioral scorecards and simplified estimation procedures are used, depending on portfolio size and the risk inherent in the portfolio. The models and systems in use are regularly monitored, validated, adjusted (where required) and refined at local level.

Collateral

The general rule is that credit transactions are secured by collateral to an extent that is commensurate with the risk. In addition, overarching rules specify the requirements that must be satisfied by collateral, the evaluation procedures and the evaluation bases. Local collateral guidelines with specific values take these rules into account. The values in the collateral policies are based on historical data and experience accumulated by experts over many years. As the operating activities of Volkswagen Financial Services Overseas AG Group are focused on retail financing, dealer financing and the leasing of vehicles, the vehicles themselves are hugely important as collateral assets. For this reason, trends in the market values of vehicles are locally monitored and analyzed; the collateral values based on this data are adjusted, where required.

Provisions

The calculation of provisions is based on the expected loss model in accordance with IFRS 9. Provisions are determined as a function of the results of the rating and scoring processes applied.

Risk Management sets fundamental parameters in the form of golden rules and guidelines for the management of credit risk. These constraints form the mandatory outer framework of the central risk management system, within which the divisions/markets can operate in terms of their business policy activities, planning, decisions, etc. in compliance with their assigned authority. Appropriate processes are used to monitor all lending in relation to financial circumstances, collateral and compliance with limits, contractual obligations and internal and external conditions. As such, commitments are managed according to the degree of risk involved (standard, intensified and problem loan management). Credit risk is also managed using reporting limits determined by Volkswagen Financial Services Overseas AG and specified separately for each individual company. Regular reporting and the yearly planning process are used to monitor credit risk at portfolio level.

CHANGES IN CREDIT RISK

Credit risk ¹	Dec. 31, 2024
Amount utilized (€ million)	29,428
Default rate in %	3.1
Impairment ratio in %	3.5

¹ Including joint ventures (full inclusion) and subsidiaries recognized at cost.

The rating and scoring processes on which the impairment ratio is based include default probabilities of future events. As of the reporting date, the provisions exceeded the actual losses incurred.

Residual value risk

Residual value risk arises from the fact that the actual market value for a lease asset at the time of re-marketing could be lower than the residual value calculated at the inception of the lease. On the other hand, there is an opportunity in that the remarketing could generate proceeds greater than the calculated residual value.

Referring to the bearer of residual value risk, a distinction is made between direct and indirect residual value risks. Direct residual value risk refers to residual value risk borne directly by the Volkswagen Financial Services Overseas AG Group (contractually determined). An indirect residual value risk arises if the residual value risk has been transferred to a third party (such as a dealer) on the basis of a residual value guarantee. In such cases, the initial risk is a counterparty default risk in respect of the residual value guarantor. If the residual value guarantor defaults, the residual value risk reverts to the Volkswagen Financial Services Overseas AG Group.

If a residual value risk materializes, it may be necessary to recognize an impairment loss or a loss on disposal of the asset concerned. This could have a negative impact on financial performance. As stated in the accounting policies for leases described in the notes to the consolidated financial statements, the impairment losses generally lead to a subsequent adjustment of future depreciation rates.

Direct residual value risk is quantified using expected loss, which equates to the difference between the latest forecast as per the remeasurement date of the remarketing proceeds on expiry of the contract and the contractual residual value specified for each vehicle. Other parameters such as remarketing costs are also taken into account in the calculation. The expected loss for the portfolio is determined by aggregating the individual expected losses for all vehicles. The expected losses arising from contracts subject to risk relate to the losses expected at the end of the term of the contracts concerned. These losses are recognized in profit or loss in the consolidated financial statements for the current period or in prior periods. The ratio of the expected losses from contracts subject to risk to the contractually fixed residual values in the overall portfolio is expressed as risk exposure. The results from the quantification of the expected loss and risk exposure are considered in the assessment of the risk situation.

In the case of indirect residual value risk, the risk arising from the determination of residual value is generally quantified using a methodology similar to that applied to direct residual value risk, but the methodology also takes into account further risk parameters (dealer default and other factors specific to this risk category).

CHANGES IN DIRECT RESIDUAL VALUE RISK

Direct residual value risk ¹	Dec. 31, 2024
Number of contracts	168,939
Guaranteed residual values (€ million)	2,981
Risk exposure in %	3.4

¹ Including joint ventures (full inclusion) and subsidiaries recognized at cost.

As part of the management of residual value risk, Volkswagen Financial Services Overseas AG has firstly specified rules for managing residual value. The processes for this include the calculation of the risk exposures of forward-looking residual value forecasts. Secondly, it has established uniform requirements for the Group, which reflect the accounting standards governing the recognition of provisions for credit risks. On the basis of this mandatory outer framework, the divisions/markets monitor and control their business policy activities, planning and decisions in compliance with their assigned authority. Residual value risk is monitored at portfolio level by means of regular reporting and the annual planning process.

Shareholder risk

Shareholder risk refers to the risk that equity investments made by Volkswagen Financial Services AG could potentially lead to losses in connection with capital provided (as a result of lack of dividends, write-downs to going-concern value, losses on disposal or decrease in hidden reserves) or liability risks (for example, in the case of letters of comfort).

In principle, Volkswagen Financial Services Overseas AG only makes such equity investments to help it achieve its corporate objectives. The investments must therefore support its own operating activities and are intended to be held on a long-term basis.

If shareholder risk were to materialize in the form of a loss of fair value or even the complete loss of an equity investment, this would have a direct impact on relevant financial data. The net assets and financial performance of Volkswagen Financial Services Overseas AG would be adversely affected by write-downs recognized in profit or loss.

Equity investments are integrated into the annual strategy and planning process of Volkswagen Financial Services Overseas AG. It exercises influence over the business and risk policies of the equity investments through its representation on the relevant ownership or supervisory bodies. However, responsibility for the operational use of the risk management tools lies with the business units themselves.

Liquidity risk

Liquidity risk is the risk of a negative variance between actual and expected cash inflows and outflows. Liquidity risk is defined as the risk of not being able to meet payment obligations in full or when due, or – in the event of a liquidity crisis – the risk of only being able to raise funding at higher market rates or only being able to sell assets at a discount to market prices. If liquidity risk were to materialize, higher costs and lower selling prices for assets could lead to a negative impact on financial performance. The consequence of liquidity risk in the worst-case scenario is insolvency caused by illiquidity. Liquidity risk management ensures that this situation does not arise. The analysis and management of liquidity risk at the entities belonging to Volkswagen Financial Services Overseas AG are outsourced to the Treasury division of Volkswagen Bank GmbH.

The primary objective of liquidity management is to safeguard the ability of the Company to meet its payment obligations at all times. This can be guaranteed through the use of drawdowns under credit facilities available with third-party banks and with Volkswagen AG. To measure liquidity risk,

Volkswagen Financial Services Overseas AG has set up a system of limits throughout the Group. This system restricts funding-related cash outflows over a time horizon of 12 months. A broad diversification of funding maturities is therefore necessary to ensure compliance with the limits. To manage liquidity, the Operational Liquidity Committee (OLC) meets at least every four weeks to monitor the current liquidity situation and the range of liquidity coverage. It decides on funding measures and prepares any necessary decisions for the decision-makers. Risk Management communicates the main risk management information and relevant early warning indicators relating to liquidity risk. As of December 31, 2024, 63% of the limit was utilized.

Interest rate risk

Interest rate risk refers to potential losses that could arise as a result of changes in market interest rates. It occurs because of interest rate mismatches between asset and liability items in a portfolio or on the balance sheet. Volkswagen Financial Services Overseas AG is exposed to interest rate risk in its banking book. Changes in interest rates that cause interest rate risk to materialize can have a negative impact on financial performance. Interest rate risk is managed with an interest rate gap analysis based on limits using interest rate derivatives as part of the risk strategy defined by the Board of Management of Volkswagen Financial Services Overseas AG. Monitoring is performed by Treasury on the basis of a service agreement with Volkswagen Bank GmbH. A report on interest rate risk at Volkswagen Financial Services Overseas AG is submitted to the Board of Management each quarter. As of December 31, 2024, 62% of the limit was utilized.

NONFINANCIAL RISKS

Operational risk

Operational risk (OpR) is defined as the risk of loss that could result from inadequate or failed internal processes (process risk), people (HR risk), systems (technological risk), projects (project risk), legal positions or contracts (legal risk), or from external events (catastrophe risk).

The objective of operational risk management is to present operational risks transparently and initiate precautionary and corrective measures with a view to preventing or, when this is not possible, mitigating the risks or losses. If an operational risk materializes, this represents an operational loss with the resulting loss of a business asset, which has a negative impact on net assets, financial position or financial performance, depending on the amount of the loss. Processes and responsibilities are set out in the operational risk manual.

The annual risk self-assessment is used to determine a forward-looking monetary assessment of potential risks. A standardized risk questionnaire is provided for this purpose. The local experts use these questionnaires to determine and record the potential level of risk and the probability that a risk could materialize. The central loss database is used to ensure that information about monetary operational losses is collected in house on an ongoing basis and the relevant data is stored. A standardized loss form is made available to the local experts to aid this process. The experts use this form to determine and record the relevant data, including the amount and cause of the loss.

Operational risk is managed by the companies/divisions (operational risk units) on the basis of the guidelines in force and the requirements laid down by the special operational risk units responsible for specific risk categories. To this end, local management decides whether future risks or losses are to be ruled out (risk prevention), mitigated (risk mitigation), consciously accepted (risk acceptance) or transferred to third parties (risk transfer).

Risk Management checks the plausibility of the information provided by the companies/divisions in the risk self-assessments, reviews the reported loss events and then initiates any necessary corrective

action, reviews the operational risk system to ensure it is fully functioning and instigates appropriate modifications as required. This includes the integration of all relevant operational risk units.

Details of operational risk are reported regularly as part of the financial analysis report to the Board of Management. Ad hoc reports are issued in addition to the ongoing reports if the criteria specified for these are met.

Actual losses from operational risk amounted to €7.1 million in the year under review.

Strategic risk

Strategic risk (also referred to as the risk from general business activities) is the risk of a direct or indirect loss arising from strategic decisions that are flawed or based on false assumptions. Strategic risk also includes all risks that result from the integration/reorganization of technical systems, personnel or corporate culture (integration/reorganization risk). These risks may be caused by fundamental decisions about the structure of the business made by the management in relation to the positioning of the Company in the market.

The objective of Volkswagen Financial Services Overseas AG is to manage its acceptance of strategic risk enabling it to systematically leverage earnings potential. In the worst-case scenario, a materialization of strategic risk could jeopardize the continued existence of the Company as a going concern.

Reputational risk

Reputational risk refers to the risk that an event or several successive events could cause reputational damage (in the eyes of the general public), which in turn could limit current and future business opportunities or activities (potential earnings), thereby leading to an indirect adverse financial impact (customer base, sales, funding costs) and direct financial losses such as penalties or litigation costs. The responsibilities of the Corporate Communications division include avoiding negative reports in the press or similar announcements that could inflict damage on the reputation of the Company. If this is unsuccessful, the division is then responsible for assessing the situation and initiating appropriate communications aimed at specific target groups to limit the reputational damage as far as possible. The strategic objective is therefore to prevent or reduce any negative variance between actual reputation and the level of reputation the Company expects. A loss of reputation or damage to the Company's image could have a direct impact on financial performance.

SELECTED OTHER RISKS AND RISK PROCESSES

Compliance and integrity risks

At Volkswagen Financial Services Overseas AG, compliance risk encompasses all risks that could arise from non-compliance with statutory rules and regulations or other official or regulatory requirements, or that could be caused by a breach of internal company regulations.

This differs from conduct risk, which is defined as the risk arising from inadequate conduct by the company toward the customer, unreasonable treatment of the customer or provision of advice using products that are not suitable for the customer.

The separate category of integrity risk encompasses all risks that arise from a failure of employees to conduct themselves in an ethically acceptable manner or act in accordance with the corporate principles and values of Volkswagen Financial Services Overseas AG, thereby presenting an obstacle to the long-term success of the business.

Volkswagen Financial Services Overseas AG addresses the three categories of risk by means of a local compliance and integrity function whose task is to specify and implement risk-mitigating measures in the role of a governance function. To counter compliance and conduct risks, the compliance function is

committed to ensuring compliance with laws, other legal requirements, internal rules and the organization's own stated values and to creating and fostering an appropriate compliance culture. It is also the responsibility of the integrity function, on the basis of an integrity management system, to raise awareness of the ethical principles, the code of conduct and the need for compliance, and to help employees choose the right course of action, responsibly and steadfastly, driven by their own personal conviction. Compliance risk and integrity risk are accordingly treated not as separate risk categories, but rather as an inherent risk process of relevance to all risk categories.

The role of the Chief Compliance & Integrity Officer within the Compliance and Integrity function is to work toward implementing effective procedures to ensure compliance with legal rules and requirements, and toward establishing appropriate controls. This is carried out mainly by stipulating binding requirements at Group level. In turn, these then provide a framework for specifying detailed requirements for which local compliance & integrity officers are responsible. Local companies are independently responsible for implementing the centrally defined requirements. Responsibility for complying with any further rules and ethical principles lies with the company concerned. Any deviation from the minimum requirements or guidelines is only possible if accompanied by a description of the reasons (such as local statutory requirements) and only in consultation with, and with the consent of, the Chief Compliance & Integrity Officer.

Overall, the emergence of a compliance and integrity culture is being nurtured by constantly promoting the Volkswagen Group's Code of Conduct and by raising employees' risk-oriented awareness (for example tone from the top, tone at the middle, face-to-face training, e-learning programs, other media-based activities). The compliance and integrity culture is also being consolidated by communication measures, including the distribution of guidelines and other information media, as well as employee participation in compliance and integrity programs.

The Chief Compliance & Integrity Officer supports and advises the Board of Management in matters relating to the avoidance of compliance and integrity risks and reports to the Board at regular intervals. For its part, the Board of Management has entered into its own voluntary undertaking regarding compliance and integrity. This ensures that compliance and integrity aspects will also be discussed and taken into account in all decisions made by the Board of Management.

The areas of antitrust compliance and prevention of money laundering and funding of terrorism have been outsourced to Volkswagen Financial Services AG.

Environmental, social and governance (ESG) risks

Volkswagen Financial Services Overseas AG regards ESG matters as a business responsibility and critical strategic success factor for a captive such as itself operating in the automotive and personal mobility spheres. It actively chooses not to assess ESG risks as a separate category of significant risk in the risk inventory process, however, because their highly heterogeneous nature means they have potential impacts across a large number of risk categories.

Volkswagen Financial Services Overseas AG continues to work intensively on ESG matters, the various aspects of which affect all areas of our business model and have been included as a separate element (governance) in the MOBILITY2030 strategy.

In terms of the environmental dimension, Volkswagen Financial Services Overseas AG is committed to a Group-wide reduction in CO₂ emissions, for example, by using renewable energy sources at the various sites.

In terms of the social dimension, Volkswagen Financial Services Overseas AG has established standards to safeguard occupational health and safety, diversity, equal opportunities, training and professional

development. In addition, the subsidiaries are involved in a large number of local social projects. For example, Banco Volkswagen S.A., a subsidiary of Volkswagen Financial Services Overseas AG, supports a range of projects to help socially vulnerable population groups and improve socially marginalized communities.

SUMMARY

Fiscal year 2024 was characterized by increasing competitive pressure coupled with new opportunities (e.g., portfolio growth in the Brazilian market). The more volatile macroeconomic environment in the markets of Volkswagen Financial Services Overseas AG resulted in an anticipated increase in the risk situation.

Interest rate and liquidity risk remains stable.

The residual value risk is still of minor significance because of the currently low penetration of residual value products in the portfolio.

Forecast for credit and residual value risk

The risk situation will remain challenging given the very pronounced economic risks and global political tensions anticipated for 2025. The specific risk situation of Volkswagen Financial Services Overseas AG's portfolios will depend very much on how inflation and purchasing power develop in the various markets.

The Company continues to monitor the risk situation closely so that it can respond proactively to any potential developments by initiating targeted corrective measures.

The volume of contracts in the residual value portfolio especially is projected to continue growing in fiscal year 2025 due to an increasing shift from finance to leasing products. It is expected that this will have a positive impact on the residual value portfolio.

Forecast for liquidity risk

The risk situation is considered to be stable. The established sources of funding remain available despite the prevailing global political uncertainties. Funding diversification continues to be extended and existing sources of funding are being expanded.

It should be noted that the degree of risk for the risk categories forecast may differ from the current risk portfolio once the restructuring program has been implemented.

Report on Expected Developments

The global economy is expected to grow in 2025, albeit at a slightly slower pace than in the reporting year. Global demand for passenger cars will probably vary from region to region and increase slightly year-on-year.

With our broad product range and services, we believe we are well prepared for the future challenges in the mobility business.

With the main opportunities and risks arising from the operating activities having been presented in the report on opportunities and risks, the section below now outlines the expected developments. These developments give rise to opportunities and potential benefits that are included in the planning process on an ongoing basis so that Volkswagen Financial Services Overseas AG can exploit them as soon as possible.

The assumptions are based on current estimates by third-party institutions. These include economic research institutes, banks, multinational organizations and consulting firms.

DEVELOPMENTS IN THE GLOBAL ECONOMY

Our planning is based on the assumption that global economic output will grow overall in 2025 at a slightly slower pace than in 2024. Declining inflation in major economic regions and the resulting easing of monetary policy are expected to boost consumer demand. We continue to believe that risks will arise from increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine conflict and the confrontations in the Middle East, and the increasing uncertainties regarding the political orientation of the USA. We assume that both the advanced economies and the emerging markets will record somewhat weaker momentum on average than that of the reporting year.

We also expect the global economy to continue on a path of stable growth until 2029.

North America

We anticipate continued stable economic growth in the USA in 2025, albeit with slower momentum, accompanied by a corresponding deterioration of the labor market situation. The US Federal Reserve is likely to implement further key interest rate cuts in the course of 2025 even though a slight increase in inflation is expected. Compared with the reporting year, economic growth is likely to be somewhat higher in Canada, while in Mexico it is expected to remain roughly the same.

South America

In all probability, the Brazilian economy will record a positive rate of growth in 2025, although it will be lower than that of the reporting year. Following two years of decline, Argentina is expected to show positive growth in 2025.

Asia-Pacific

Chinese GDP is expected to grow at a relatively high level in 2025, albeit at a lower rate than in 2024. India's economic growth will likely see momentum on a par with the reporting year, while Japan's economic output is expected to grow again compared with 2024.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

We assume that automotive financial services will prove highly important to global vehicle sales in 2025, in combination with the development of the vehicle markets. We expect demand to rise in emerging markets where market penetration has so far been low. Regions with established automotive financial services markets will probably see a continuation of the trend towards enabling mobility at the lowest possible total cost. The shift from financing in favor of lease contracts will also continue, as was initiated in European financial services business with individual customers. Integrated end-to-end solutions that include mobility-related service modules such as insurance and innovative packages of services are likely to become increasingly important. Additionally, we expect that demand will increase for new forms of mobility, such as rental and car subscription services, and for integrated mobility services, for example, refueling and charging. Dealers continue to be key strategic partners. The seamless integration of financial services into the online vehicle offering will become increasingly important. We estimate that this trend will also persist in the years 2026 to 2029.

In the mid-sized and heavy commercial vehicles category, we are seeing robust demand for financial services products in the emerging markets. In these countries in particular, financing solutions support vehicle sales and are thus an essential component of the sales process. In the developed markets, we expect to see increased demand for telematics services and services aimed at reducing total cost of ownership in 2025. This trend is also expected to persist in the period 2026 to 2029.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

The trend in the automotive industry closely follows global economic developments. We assume that competition in the international automotive markets will intensify further. Crisis-related disruption to the global supply chain and the resulting impact on vehicle availability may weigh on the volume of new registrations. Moreover, a sudden outbreak of geopolitical tension and conflicts or the intensification of existing ones could lead to rising prices for materials and declining availability of energy.

We predict that trends in the markets for passenger cars in the individual regions will be mixed but predominantly positive in 2025. Overall, the global volume of new car sales is expected to be slightly higher than in the previous year. We are forecasting growing demand for passenger cars worldwide in the period from 2026 to 2029.

Trends in the markets for light commercial vehicles in the individual regions will be mixed; on the whole, we expect the sales volume for 2025 to be similar to the previous year's figure. For the years 2026 to 2029, we expect demand for light commercial vehicles to increase globally.

North America

The sales volume in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America overall and in the United States in 2025 is forecast to be similar to the level seen in the previous year. Demand will probably remain highest predominantly for models in the SUV and pickup segments. New registrations of all-electric vehicles are also expected to increase very strongly. In Canada, the number of new registrations is likely to remain on a level with the previous year. We expect the volume of new registrations in Mexico to be slightly up year-on-year.

South America

Owing to their dependence on demand for raw materials worldwide, the South American markets for passenger cars and light commercial vehicles are heavily influenced by developments in the global economy. We anticipate a noticeable increase overall in new registrations in the South American markets in 2025 compared with the previous year. The market volume in Brazil is expected to increase slightly compared with 2024, while a strong increase is projected for Argentina.

Asia-Pacific

The passenger car markets in the Asia-Pacific region in 2025 are expected to be similar to the previous year. We estimate that the market volume in China will be on a level with the comparative figure for 2024. Plug-in hybrid models with long ranges are likely to be increasingly in demand. A weaker-than-expected economic recovery or intensifying geopolitical tensions may have adverse effects. In particular, the trade dispute between China and the United States is likely to continue to weigh on business and consumer confidence, as long as there is no resolution in sight. We expect the Indian passenger car market to be slightly higher than in the previous year, with a noticeable increase in demand in Japan.

The volume of new registrations for light commercial vehicles in the Asia-Pacific region in 2025 will probably be in the range of the previous year's figure. We are expecting demand in the Chinese market to be close to the prior-year level. For India, we project that the volume in 2025 will be slightly higher than in the reporting year. In the Japanese market, we estimate that volumes will also be slightly higher year-on-year.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

For 2025, we expect that new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes will be down noticeably on the previous year in the markets that are relevant for the Volkswagen Group, with variations from region to region.

We anticipate that new registrations in Türkiye will remain steady. In South Africa, we expect a slight decline in demand compared with the previous year. The truck market in North America is divided into weight classes 1 to 8. In the segments relevant for Volkswagen – Class 6 to 8 (8.85 tonnes or heavier) – we expect new registrations to be slightly lower than in the previous year. After a very positive development in the reporting year, we anticipate steady demand in Brazil for 2025.

On average, we anticipate that demand in the relevant truck markets will remain at a steady level for the years 2026 to 2029.

A noticeable year-on-year increase in demand is anticipated for 2025 in the bus markets relevant for the Volkswagen Group, whereby this will vary depending on the region.

We forecast a strong increase in demand for school buses in the USA and Canada. For the bus market in Mexico, we anticipate a sharp decline in volumes on account of the significantly positive trend in the reporting year. New registrations in Brazil will probably be noticeably lower than the prior-year figure in 2025.

Overall, we expect demand for buses to be steady on average across the relevant markets for the period from 2026 to 2029.

INTEREST RATE TRENDS

Interest rates fell slightly in Europe and across much of the rest of the world in fiscal year 2024 as inflation eased. Some central banks have already implemented interest rate cuts. The interest rate cut trend is expected to continue in 2025.

MOBILITY CONCEPTS

Social and political factors have an increasing impact on many people's individual mobility behavior. Among the general public, environmental and climate protection has grown immensely in importance over the last few years and is attracting increasing attention from lawmakers. Especially in large metropolitan areas, new challenges are appearing in connection with the design of an intelligent mobility mix consisting of public transport combined with motorized and non-motorized private transport. In addition, new mobility solutions will change the traditional perception of owning a vehicle. As a result, mobility is being redefined in many respects.

Volkswagen Financial Services Overseas AG closely monitors developments in the mobility market and is working on new models to support alternative marketing approaches and establish new mobility concepts with the goal of securing and expanding its business model. Simple, convenient, transparent, safe, reliable, flexible – these are the standards that the Company has set for itself.

In collaboration with the automotive brands of the Volkswagen Group, Volkswagen Financial Services Overseas AG is aiming to take a leading position in the development of new mobility concepts, as has been the case in the conventional automotive business for many years.

From traditional financing and leasing to long- and short-term rental business and car subscription services, Volkswagen Financial Services Overseas AG is already able to meet a large proportion of customer mobility needs.

Volkswagen Financial Services Overseas AG partners with the Volkswagen Group brands in the marketing for vehicles with internal combustion engines as well as for electric vehicles. An important role in the marketing of the Volkswagen Group's e-vehicles is played in particular by attractive leasing products, supplemented by maintenance and wear-and-tear packages.

In this context, Volkswagen Financial Services Overseas AG continues to serve as a one-stop shop for its customers, remaining true to the essence of its company slogan "The Key to Mobility" in future, too.

NEW MARKETS/INTERNATIONALIZATION/NEW SEGMENTS

The finance, leasing, insurance and mobility services areas are essential for attracting customers and developing loyal, long-term customer relationships worldwide. Volkswagen Financial Services Overseas AG investigates market entry concepts through which to establish these business areas in new markets meticulously in its role as financial services provider and strategic partner for the Volkswagen Group brands. Its aim in so doing is always to create a robust foundation for profitable growth in the volume of business.

SUMMARY OF EXPECTED DEVELOPMENTS

Increasing fragmentation of the global economy combined with stronger protectionist tendencies in the US are raising uncertainty as to future development. In addition, growth prospects will be impacted by ongoing geopolitical tensions and conflicts, with the threat of an intensification of hostilities in the Middle East alongside the Russia-Ukraine conflict. Moreover, there is a significant challenge in China due to the tough vehicle sales situation coupled with extremely fierce competition in the finance business.

The business performance of Volkswagen Financial Services Overseas AG will again remain essentially dependent on the unit sales of the Volkswagen Group in 2025. The intention is to step up sales efforts with the brands of the Volkswagen Group, in particular via joint strategic projects. Volkswagen Financial

Services Overseas AG also plans to continue its efforts to make optimal use of the potential available along the automotive value chain.

Volkswagen Financial Services Overseas AG aims to meet the requirements and desires of its customers as effectively as possible working together with the Group brands. It is providing the type of flexible mobility services that customers expect through products such as its leasing service. The ongoing spread of digitalization should deliver a boost to this area of business.

The successful product packages and mobility solutions of recent years will be refined in line with customer needs. Volkswagen Financial Services Overseas AG's position in the global competitive environment will continue to be strengthened not only through efforts targeting the market, but also through strategic investments in IT projects and continuous process optimization.

OUTLOOK FOR 2025

The Board of Management of Volkswagen Financial Services Overseas AG expects that global economic output will grow at a somewhat slower rate in 2025 than in 2024. Risks will continue to arise from the increasing fragmentation of the global economy, protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries.

In view of the underlying conditions described here and the trends evident in the market, the overall picture is as follows: expectations assume there will be greater levels of cooperation with the individual Group brands, increased investment in digitalization for the future, potential effects of geopolitical upheaval, and continued uncertainty about macroeconomic conditions in the real economy.

Current contracts in 2025 are expected to be significantly above fiscal year 2024, and business volume will be on a level with fiscal year 2024.

New contracts are expected to be significantly above the level of the previous year while penetration is expected to be significantly above the level of the previous year.

Considering the effects described above, operating result for fiscal year 2025 is projected to be up significantly year-on-year.

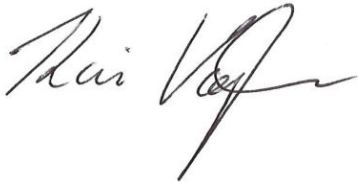
Return on equity is expected to be up strongly year-on-year in 2025 as a result of the forecast earnings performance and stable capital adequacy situation. We expect the overhead ratio to remain at the previous year's level.

Forecast changes in key performance indicators for the next fiscal year compared with prior-year figures

	Actual 2024	Forecast for 2025	
Nonfinancial performance indicators			
Penetration (percent)	13.5	> 13,5	slightly over previous year
Current contracts (thousands)	4,646	> 4.646	significantly over previous year
New contracts (thousands)	1,940	> 1.940	significantly over previous year
Financial performance indicators			
Volume of business (€ million)	27,124	= 27.124	same level as previous year
Operating result (€ million)	460	> 460	significantly over previous year
Return on equity (percent)	9.2	> 9,2	strong above previous year
Overhead-Ratio (percent)	1.4	= 1,4	same level as previous year

Braunschweig, March 2025

Volkswagen Financial Services Overseas AG
The Board of Management



Kai Vogler



Patrick Welter

This annual report contains forward-looking statements on the future business development of Volkswagen Financial Services Overseas AG Group. These statements are based on assumptions relating to changes in the economic, political and legal environment in individual countries, economic regions and markets, in particular, for financial services and the automotive industry; these assumptions have been made on the basis of the information available and Volkswagen Financial Services Overseas AG currently considers them to be realistic. The estimates given entail a degree of risk, and actual developments may differ from those forecast. If material parameters relating to the most important sales markets vary from the assumptions, or material changes arise from the exchange rates, commodity prices or supply of parts relevant to the Volkswagen Group, the performance of the business will be affected accordingly. In addition, expected business performance may vary if the key performance indicators and risks and opportunities presented in this annual report turn out to be different from current expectations, or additional risks and opportunities or other factors emerge that affect the development of the business. We do not update forward-looking statements and assume no obligation beyond that required by law to update the forward-looking statements made in this annual report.

Balance Sheet

of Volkswagen Financial Services Overseas AG, Braunschweig, as of December 31, 2024

€ million	Dec. 31, 2024	Dec. 31, 2023
Assets		
A. Fixed Assets		
I. Financial Assets	1,941,864	12,440,201
	1,941,864	12,440,201
B. Current Assets		
I. Receivables and other assets	1,109,796	18,959,434
II. Cash-in-hand and bank balances	1	2,891
	1,109,797	18,962,325
C. Prepaid expenses	6,702	18,476
Total Assets	3,058,363	31,421,002
Equity and liabilities		
A. Equity		
I. Subscribed capital	441,280	441,280
II. Capital reserves	167	6,589,340
III. Retained earnings	47,076	99,469
IV. Net retained profits	–	1,704
	488,523	7,131,793
B. Provisions	21,029	903,922
C. Liabilities	2,548,811	23,384,633
D. Net retained profits	–	654
Total equity and liabilities	3,058,363	31,421,002

Income Statement

of Volkswagen Financial Services Overseas AG, Braunschweig, for the period January 1 to December 31, 2024

€ thousand	Jan. 1 – Dec. 31, 2024	Jan. 1 – Dec. 31, 2023
Sales	1,841	766,233
Cost of sales	1,837	751,357
Gross profit on sales	4	14,876
General and administrative expenses	26,645	272,971
Other operating income	17,331	121,726
Other operating expenses	3,505	53,683
Net income from long-term equity investments	258,499	179,162
of which income under profit and loss transfer agreements	–	409,530
of which expenses from absorption of losses	–	532,728
Financial result	–40,249	–303,315
of which income from affiliated companies	65,550	502,091
of which expenses from affiliated companies	60,186	258,952
Taxes on income (received from parent € 15,117 thousand; previous year charged: € 8,800 thousand)	–2,310	9,011
Result after tax	207,745	–323,216
Other taxes	1	–
Profits transferred under a profit and loss transfer agreement	206,501	–
Losses absorbed under a profit and loss transfer agreement	–	323,216
Net income	1,243	–
Profit brought forward	1,705	1,705
Asset reductions due to division	–6,589,173	–
Equity shares released to cover the reduction in assets	6,589,173	–
Transfer to other profit reserves	–2,948	–
Net retained profits	–	1,705

Notes to the Annual Financial Statements

of Volkswagen Financial Services Overseas AG, Braunschweig, as of December 31, 2024

1. General Information on the Annual Financial Statements

The Company is classified as a large corporation as defined by section 267(3) sentences 1 and 2 of the *Handelsgesetzbuch* (HGB – German Commercial Code). The annual financial statements have therefore been prepared in accordance with the financial reporting framework specified for large corporations by the HGB.

The headquarters of Volkswagen Financial Services Overseas Aktiengesellschaft (operating under the name of Volkswagen Financial Services Aktiengesellschaft until June 30, 2024) is in Braunschweig. The Company is registered in the commercial register at the Local Court of Braunschweig (commercial register number HRB 3790).

In 2023, the Volkswagen Group initiated a comprehensive restructuring program (“restructuring”) for the existing subgroups of Volkswagen Financial Services Overseas AG and Volkswagen Bank GmbH. The aim of the restructuring was to combine the German and European companies, including their subsidiaries and other investees, under a single financial holding company supervised by the European Central Bank (ECB). The former Volkswagen Financial Services AG was renamed Volkswagen Financial Services Overseas AG as of July 1, 2024. Upon entry in the commercial register on July 1, 2024, Volkswagen Financial Services Overseas AG transferred its European holding company and service activities, including the associated assets and liabilities (European operations) to Volkswagen Financial Services AG by way of a spin-off for absorption in accordance with section 123(2) no. 1 of the German Transformation Act with retroactive effect as of January 1, 2024. Volkswagen Financial Services Overseas AG is the holding company responsible for managing the non-European subsidiaries. As a wholly owned subsidiary of Volkswagen AG, this company remains an integral part of the Volkswagen Group, but with a focus on the international markets outside Europe. The newly established European financial holding company, which continued to operate under the name Volkswagen Financial Services Europe AG until June 30, 2024, was renamed Volkswagen Financial Services AG on July 1, 2024.

The object of the Company is the development, sale and processing of its own and third-party financial services that have a focus outside Europe and are designed to promote the business of Volkswagen AG and its affiliated companies.

For a fee, Volkswagen Financial Services Overseas AG provides support to Group companies in selling financial services and in refinancing, primarily in countries outside Europe. The internal and external expenses incurred in this connection are passed on to the corresponding Group companies.

Individual line items have been aggregated in the balance sheet and income statement to improve the clarity of presentation. These items are presented separately in the notes.

The income statement has been prepared using the cost of sales format – the standard method used in the Volkswagen Group – to facilitate better international comparability.

2. Accounting Policies

The accounting policies applied in the previous year have been retained.

Shares in affiliated companies and other equity investments are measured at the lower of cost and fair value. Fair value is primarily determined using the discounted cash flow method on the basis of existing corporate plans or, if they are not available, on the basis of observable market prices. Under the discounted cash flow method, fair value is determined on the basis of management's current planning, which is based on expectations regarding future economic trends. The planning period generally covers five years. The discount rate used for the expected cash flows is the WACC (weighted average cost of capital).

Receivables and other assets are reported at their nominal amounts. Cash-in-hand and bank balances are recognized at their nominal values.

Prepaid expenses contain payments incurred before the reporting date if they represent expenses relating to a specified period after that date.

The Company has various pension commitments, which differ in terms of their structure. Some of these pension commitments are not externally funded, while others are funded through Volkswagen Pension Trust e.V.

The commitments funded through Volkswagen Pension Trust e.V. are measured at the fair value of the securities in the fund in accordance with section 253(1) sentence 3 of the HGB because the amount of the pension scheme obligations is determined exclusively by this value. The fair value of the securities is offset against the funded provisions in accordance with section 246(2) of the HGB.

Any other pension obligations are also linked to securities funds. The securities measured at fair value are offset as plan assets against the corresponding provisions.

The pension provision that is not externally funded is recognized at present value. The Heubeck 2018 G mortality tables (latest version) are used as the basis for the calculations.

The pension obligations are determined annually by an independent actuary using the projected unit credit method.

Pension obligations are discounted using the discount rate based on the past ten years determined in accordance with section 253(2) of the HGB.

In the reporting period, in accordance with section 253(6) of the HGB, the difference for the pension provision that is not externally funded is €83 thousand and the difference for the commitments financed through Volkswagen Pension Trust e.V. is €168 thousand.

The main measurement assumptions and actuarial parameters applied in the calculation of the pension provisions were as follows:

Discount rate:	1.90%
Expected rate of salary increases:	2.15%
Expected rate of pension increases:	2.00%
Employee turnover rate:	1.21%

The share-based payment recorded in provisions relates to performance shares granted on the basis of preferred shares of Volkswagen AG. The obligations from share-based payments are accounted for as a cash-settled plan. These types of remuneration plans are measured at fair value during the plan term. Fair value is determined using recognized valuation techniques. The remuneration expense is part of the personnel expenses recorded under general and administrative expenses and is allocated over the vesting period.

Adequate provisions in the amount required to settle the estimated obligation are recognized to cover contingent liabilities and existing risks. Other long-term provisions were discounted using a discount rate determined on the basis of the average market interest rates of the past seven years published by Deutsche Bundesbank.

Liabilities are recognized at the settlement amount.

Foreign currency assets and liabilities are translated at the middle spot rate on the reporting date in accordance with section 256a sentence 1 of the HGB and in compliance with the historical cost convention and the principle of imparity (under which unrealized losses are recognized but unrealized gains are not). For items with a residual maturity of one year or less, the net gains or losses from translation are recognized in full in the income statement in accordance with section 256a sentence 2 of the HGB. The hedge rate is used in the case of hedges.

Derivative financial instruments are used exclusively for hedging purposes. Derivative financial instruments (interest rate swaps) are measured in accordance with general HGB measurement requirements and hedge accounting is applied to the extent permissible.

Volkswagen Financial Services Overseas AG will not be subject to any effects from the introduction of the global minimum level of taxation (Pillar 2). As a result, there is no current tax expense in connection with Pillar 2 income taxes. Volkswagen Financial Services Overseas AG has applied the exemption from the recognition and disclosure of deferred taxes in connection with Pillar 2 income taxes.

3. Balance Sheet Disclosures

As a result of the spin-off of the assets and liabilities of Volkswagen Financial Services Overseas AG and Volkswagen Financial Services AG as of July 1, 2024, with retroactive effect to January 1, 2024 in accordance with commercial law, the figures cannot be compared with prior-year figures.

The breakdown of the fixed assets aggregated in the balance sheet and the changes in these assets in the reporting period are shown in the statement of changes in fixed assets. The list of the Company's shareholdings is enclosed as an appendix.

On the basis of an existing profit-and loss-transfer agreement, deferred taxes are recognized by Volkswagen AG, Wolfsburg, the controlling entity in the tax group.

Statement of changes in fixed assets of Volkswagen Financial Services Overseas AG, Braunschweig, for 2024

€ thousand	Shares in affiliated companies	Loans to affiliated companies	Other long-term equity invest- ments	Loans to other long-term inves- tees and investors	Other loans	Total Financial Assets	Total fixed assets
Gross carrying amount							
Balance brought forward as of Jan. 1, 2024	10,032,844	2,044,301	317,112	675,617	211,948	13,281,822	13,281,822
Additions	93,000	–	–	–	–	93,000	93,000
Disposal: Spin-off European operation (VW FS AG)	4,409,872	2,044,301	213,055	675,617	211,948	7,554,793	7,554,793
Disposals	3,391,815	–	–	–	–	3,391,815	3,391,815
Transfers	–	–	–	–	–	–	–
Balance as of Dec. 31, 2024	2,324,157	–	104,057	–	–	2,428,214	2,428,214
Write-Downs							
Balance brought forward as of Jan. 1, 2024	709,778	–	131,843	–	–	841,621	841,621
Additions	–	–	–	–	–	–	–
Disposal: Spin-off European operation (VW FS AG)	243,728	–	111,543	–	–	355,271	355,271
Disposals	–	–	–	–	–	–	–
Transfers	–	–	–	–	–	–	–
Write-ups	–	–	–	–	–	–	–
Balance as of Dec. 31, 2024	466,050	–	20,300	–	–	486,350	486,350
Net carrying amount as of Dec. 31, 2024	1,858,107	–	83,757	–	–	1,941,864	1,941,864
Net carrying amount as of Jan. 01, 2024	9,323,066	2,044,301	185,269	675,617	211,948	12,440,202	12,440,202

The shares in affiliated companies decreased from €9,323 million to €1,858 million because, over the course of the spin-off of the European operation, a considerable proportion of the shares were transferred to Volkswagen Financial Services AG and Volkswagen Leasing GmbH (€3,392 million) was transferred to Volkswagen Bank GmbH. With regard to the equity investments, there was a decrease from €185 million to €84 million due to the spin-off of the European operation.

Loans

All loans were allocated to the European operation and were thus also spun off.

Receivables and other assets

The breakdown of receivables and other assets is as follows:

€ thousand	Dec. 31, 2024	Dec. 31, 2023
Receivables from affiliated companies	1,092,522	11,345,319
of which from the shareholder	15,123	336,611
of which due in more than 1 year	183,000	4,317,404
Receivables from other long-term investees and investors	29	7,371,422
of which due in more than 1 year	–	2,438,957
Other assets	17,245	242,693
of which due in more than 1 year	–	–
Total	1,109,796	18,959,434

Receivables from affiliated companies include items such as loan receivables and interest (€305,381 thousand), receivables from time deposits and interests (€254,211 thousand) and receivables from current account deposits (€515,950 thousand).

Other assets relate to items such as receivables from interest rate and cross currency swap contracts in an amount of €6,487 thousand.

Prepaid expenses

Prepaid expenses include prepayments of guarantee insurance of €2,453 thousand and currency forward swap premiums of €4,249 thousand relating to the subsequent year.

Equity

Equity is unchanged at €441,280 thousand. The capital reserves (section 272(2) no. 4 of the HGB) decreased in the reporting year from €6,589,340 thousand to €167 thousand due to the spin-off of the European operation. The revenue reserves decreased by €52,393 thousand due to the spin-off of the European operation and include legal reserves of €44,128 thousand and other revenue reserves of €2,948 thousand. The profit brought forward of €1,704 thousand and net income of €1,243 thousand were added to other revenue reserves.

Provisions

The provisions comprise the following items:

€ thousand	Dec. 31, 2024	Dec. 31, 2023
Provisions for pensions and similar obligations	13,872	538,263
including the offsetting of the unit-linked pension obligation:	–	–
Provisions for pensions, funded	11,599	500,231
Fund assets as plan assets (cost € 5,721 thousand)	–6,035	–293,682
Other provisions	7,158	365,659
including the offsetting of the employee time asset bond:	–	–
Provision for time asset bond	8,649	150,749
Fund assets as plan assets (cost € 5,849 thousand)	–8,649	–150,749
Total	21,029	903,922

In connection with the spin-off of the European operations the employment relationships with employees and all employee-related obligations, liabilities and provisions from employment relationships and former employment relationships of Volkswagen Financial Services Overseas AG were transferred to Volkswagen Financial Services AG. As a result, the provisions for pensions and similar obligations and the funded pension provisions decreased very sharply compared with the previous year.

In the reporting year, it was discovered that obligations for granting ancillary benefits had not been considered in full when calculating the provisions for time assets. As of December 31, 2023, total provisions previously not recognized amounted to €41,160 thousand.

€103 thousand related to the Overseas operation of Volkswagen Financial Services Overseas AG. The provisions were corrected by the same amount. The correction is included in the general and administrative expenses of Volkswagen Financial Services Overseas AG for the reporting year.

As the company had no further obligation as of the balance sheet date, there was no need to correct the balance.

Provisions for pensions and other post-employment benefits

In the reporting period, in accordance with section 253(6) of the HGB, the difference for the pension provision that is not externally funded is €83 thousand and the difference for the commitments financed through Volkswagen Pension Trust e.V. is €168 thousand.

Other provisions

The main items recognized within other provisions are provisions for personnel expenses amounting to €6,309 thousand (previous year: €272,951 thousand) and provisions for outstanding invoices of €839 thousand (previous year: €19,879 thousand).

Liabilities

The breakdown of liabilities is as follows:

€ thousand	Dec. 31, 2024	Dec. 31, 2023
Bonds	–	8,700,000
of which due within 1 year	–	1,300,000
of which due in more than 1 year	–	6,650,000
of which due in more than 5 years	–	750,000
Liabilities to banks	385	2,241,845
of which due within 1 year	385	895,845
of which due in more than 1 year	–	1,346,000
of which due in more than 5 years	–	–
Trade payables (due within 1 year)	12	3,844
Liabilities to affiliated companies	2,100,052	11,398,312
of which to the shareholder	732,973	3,266,547
of which due within 1 year	1,111,590	3,500,798
of which due in more than 1 year	988,462	7,897,514
of which due in more than 5 years	468,779	4,963,575
Liabilities to other long-term investees and investors (due within 1 year)	–	6,523
Other liabilities	448,362	1,034,109
of which taxes	143	8,059
of which relating to social security and similar obligations	32	2,732
of which due within 1 year	448,362	1,034,109
of which due in more than 1 year	–	–
of which due in more than 5 years	–	–
Total	2,548,811	23,384,633

The liabilities to the shareholder relate mainly to liabilities arising from taxes (€422,730 thousand) and liabilities in connection with the transfer of profits (€206,501 thousand).

Other liabilities include commercial paper liabilities amounting to €447,488 thousand.

4. Income Statement Disclosures

In line with the amended object of the Company, the financial performance changed significantly compared with the previous year.

The reporting year was concluded with a net income of €1,243 thousand on the basis of section 268(8) in conjunction with section 246(2) sentence 2 of the HGB, which is barred from distribution and therefore not transferred to Volkswagen AG in accordance with the profit-and-loss transfer agreement. The net income (€1,243 thousand) and profit brought forward (€1,705 thousand) are added to the other revenue reserves, resulting in a net retained profit of €0 thousand.

Sales

Volkswagen Financial Services Overseas AG reports sales of €1,841 thousand (previous year: €766,233 thousand) in accordance with section 277(1) of the HGB. These were generated entirely abroad (previous year: €74,558 thousand). In the previous year, sales of €691,675 thousand were generated in Germany.

Cost of sales

An amount of €1,837 thousand is reported under cost of sales (previous year: €751,357 thousand).

Cost of materials within the meaning of section 275(2) no. 5 of the HGB was incurred for purchased services in an amount of €231 thousand (previous year: €305,930 thousand).

Personnel expenses

The breakdown of personnel expenses is as follows:

€ thousand	2024	2023
Salaries	11,099	579,525
Social security, post-employment and other employee benefit costs	5,705	150,438
of which for post-employment benefits	5,216	69,152
Total	16,804	729,963

Compared with the previous year, personnel expenses decreased very sharply by €713,159 thousand as the result of transferring employment contracts to Volkswagen Financial Services AG in connection with the spin-off of the European operation.

Other operating income

Other operating income includes income from the reversal of provisions of €16,790 thousand (previous year: €57,497 thousand). In addition, other operating income includes €481 thousand (previous year: €309 thousand) from currency translation.

The total income not relating to the reporting period is included in other operating income and amounts to €16,796 thousand (previous year: €58,389 thousand).

Other operating expenses

Other operating expenses mainly include expenses for government guarantees to hedge direct overseas investments of €3,134 thousand (previous year: €8,791 thousand). Expenses from currency translation amount to €10 thousand (previous year: €2,297 thousand).

The total expenses not relating to the reporting period are included in other operating expenses and amount to €98 thousand (€– thousand).

Net income from long-term equity investments

The breakdown of net income from long-term equity investments is as follows:

€ thousand	2024	2023
Expenses from absorption of losses	–	532,728
Income under profit and loss transfer agreements (from affiliated companies)	–	409,530
Income from other long-term equity investments	258,499	302,360
of which from affiliated companies	249,024	280,452
of which from investments in joint ventures	9,475	21,908
Total	258,499	179,162

Due to dividend distributions by Volkswagen Leasing S.A. de C.V., Mexico (€249,024 thousand) and South African companies Volkswagen Financial Services South Africa (Pty) Ltd. (€8,949 thousand) and Lenkrad Invest (Pty) Ltd. (€526 thousand), income from equity investments is €258,499 thousand (previous year: €302,360 thousand).

Financial result

The following table shows the breakdown of the financial result:

€ thousand	2024	2023
Income from other securities and long-term loans	–	122,207
of which from affiliated companies	–	102,974
Other interest and similar income	65,901	617,080
of which from affiliated companies	65,550	399,117
of which interest income from discounting	–	1
Interest and similar expenses	106,150	867,228
of which to affiliated companies	60,186	258,952
of which from unwinding discount on provisions	19	1,031
Write-downs of financial assets (write-downs for permanent impairment at affiliated companies)	–	193,074
Write-ups of financial assets (from affiliated companies)	–	17,700
Total	–40,249	–303,315

Interest expenses for funded pension provisions amounting to €270 thousand (previous year: €23,060 thousand) were offset against income of the same amount arising from the associated plan assets. The interest expense from unwinding discount on the provision for time asset bonds in the amount of €1,617 thousand (previous year: €11,372 thousand) was offset against income of the same amount from the scheme fund assets.

5. Other disclosures

Hedging instruments

Volkswagen Financial Services AG has entered into derivative contracts to mitigate interest rate risk and currency risk. These derivatives are used solely for hedging purposes. The fair values are determined using market information as of the reporting date and with the help of suitable IT-based valuation techniques.

The breakdown of nominal values and market values is as follows:

€ thousand	NOMINAL VALUES		MARKET VALUES			
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024		Dec. 31, 2023	
			positive	negative	positive	negative
Interest rate swaps	–	9,393,135	–	–	80,331	555,481
Cross-currency/currency swaps	305,000	2,151,829	20,512	–	50,917	16,396
Currency forward contracts	258,397	1,726,357	–	3,109	3,338	6,704

The following table shows the figures for hedged items as of December 31, 2024 to which hedge accounting has been applied, together with the level of risk mitigated by this hedge accounting:

T. €		Assets	Liabilities	Total	Amount of hedged risks
Interest rate risks	Micro hedge	–	–	–	–
Currency risks	Micro hedge	563,397	–	563,397	2,978
Currency risks	Macro hedge	–	–	–	–
Total		563,397	–	563,397	2,978

The Company has been applying hedge accounting in accordance with the *Bilanzrechtsmodernisierungsgesetz* (BilMoG – German Accounting Law Modernization Act). The net hedge presentation method is used for hedge accounting.

The interest rate risk arising from issuing loans to Group companies is mitigated by micro hedges based on receiver swaps, whereby the changes in the value of the hedged item are offset by the changes in the value of the swap. Currency risk that arises from issuing foreign currency loans to FS companies outside the eurozone is generally hedged with currency forwards, cross-currency swaps, or cross-currency interest rate swaps in micro and macro hedges. Hedge accounting is generally applied over the entire duration of the hedge. The Company therefore always satisfies the hedge accounting criterion, which requires an intention to maintain hedge accounting until the final maturity date. The prospective effectiveness test is performed using the critical term match method. Retrospective effectiveness tests are based on the cumulative dollar offset method.

As of December 31, 2024, no provision for expected losses had been recognized in connection with interest rate and currency risks (previous year: €19,504 thousand).

Contingent liabilities

Volkswagen Financial Services Overseas AG, as a legal entity participating in the spin-off of the European operation to Volkswagen Financial Services Overseas AG (operating at that time under the name Volkswagen Financial Services AG), is liable as a joint and several debtor in accordance with section 133 (1) sentence 1 of the *Umwandlungsgesetz* (German Transformation Act – UmwG) for the liabilities incurred by the transferring legal entity, Volkswagen Financial Services Overseas AG, up to the effective date of the spin-off on July 1, 2024. The liabilities incurred by Volkswagen Financial Services Overseas AG prior to July 1, 2024 and not transferred to Volkswagen Financial Services AG with the European operation are recognized in the balance sheet of the Volkswagen Financial Services Overseas AG Group and are not included for the purposes of determining contingent liabilities. The liabilities incurred by Volkswagen Financial Services Overseas AG prior to July 1, 2024 that were transferred with the spin-off of the European operation and remained within Volkswagen Financial Services AG as of the reporting date are included for the purposes of determining contingent liabilities. In accordance with section 133 (3) sentence 2 of the UmwG, the joint and several liability of Volkswagen Financial Services Overseas AG is restricted to the fair value of the net assets (Overseas operation) assigned to Volkswagen Financial Services Overseas AG following the spin-off of the shares in Volkswagen Leasing GmbH and the spin-off of the European operation as the liability cap. This resulted in contingent liabilities of €3,963.3 million for the Volkswagen Financial Services Overseas Group. In the unlikely event of a claim on the joint and several liability, it is possible that claims for reimbursement in the same amount will be made against Volkswagen Financial Services AG.

The contingent liabilities under guarantees amount to €2,340,546 thousand and are attributable to guarantees to creditors of affiliated companies and investees relating to short- and medium-term bonds (money and capital market) issued by these companies. The probability of these guarantees being called upon is generally low because the companies involved form part of the Group.

Other financial obligations (purchase order obligations) as specified in section 285 no. 3a of the HGB amount to €281 thousand.

Other disclosures

The share capital of €441,280 thousand is divided into 441,280,000 no-par-value shares. All the shares are held by Volkswagen AG, Wolfsburg.

A control and profit and loss transfer agreement is in place between Volkswagen AG and Volkswagen Financial Services Overseas AG.

The annual financial statements of Volkswagen Financial Services Overseas AG are published in the German Federal Gazette.

The fee paid to the auditor is disclosed in the notes to the consolidated financial statements of Volkswagen AG, Wolfsburg, and in the consolidated financial statements of Volkswagen Financial Services AG.

The annual financial statements of Volkswagen Financial Services Overseas AG are also included in the consolidated financial statements of Volkswagen AG, Wolfsburg, which are published in the German Federal Gazette.

Volkswagen Financial Services Overseas AG had 2,666 employees, including nine senior executives (previous year: 5,365, including 20 senior executives) and 60 vocational trainees (previous year: 124) on average in the reporting period. The 2,666 employees comprised 1,908 full-time and 758 part-time employees. For the quarters following the spin-off on July 1, 2024, the average number of employees was 47.

In line with section 286(4) of the HGB, there is no disclosure of the remuneration granted to the members of the Board of Management in the reporting year. Due to the spin-off with retroactive effect to January 1, 2024 in accordance with commercial law, the members of the Board of Management until June 30, 2024 received the remuneration they were granted from Volkswagen Financial Services AG.

The Company did not pay allowances to the members of the Supervisory Board.

6. Report on Post-Balance Sheet Date Events

Following the conclusion of the collective bargaining negotiations at Volkswagen AG, Volkswagen Financial Services AG, Volkswagen Bank GmbH, Volkswagen Leasing GmbH, Volkswagen Insurance Brokers GmbH, Volkswagen Versicherung AG and Vehicle Trading International GmbH entered into their own collective bargaining negotiations with IG Metall, which were concluded on January 31, 2025. On the basis of the follow-on collective agreement, the outcome of the collective bargaining negotiations at Volkswagen AG also applies at Volkswagen Financial Services Overseas AG. The companies listed above have partially amended or supplemented Volkswagen AG's collective bargaining agreement in certain respects. Volkswagen Financial Services Overseas AG adopted the outcome of the negotiations from January 31, 2025. No material impact on the consolidated financial statements as of December 31, 2025 is expected.

There were no other significant events in the period between December 31, 2024 and March 3, 2025.

7. Governing bodies of Volkswagen Financial Services Overseas AG

The members of the Board of Management are as follows:

KAI VOGLER (AS OF JULY 1, 2024)

Chair of the Board of Management

Front Office

PATRICK WELTER (AS OF JULY 1, 2024)

Back Office

DR. CHRISTIAN DAHLHEIM (UNTIL JUNE 30, 2024)

Chair of the Board of Management

Corporate Management of Volkswagen Financial Services AG

China region, South America region

International region, Mexico region

Human Resources and Organization (as of April 1, 2024)

ANTHONY BANDMANN (UNTIL JUNE 30, 2024)

Sales and Marketing

Europe region (incl. Germany)

DR. ALEXANDRA BAUM-CEISIG (UNTIL MARCH 31, 2024)

Human Resources and Organization

FRANK FIEDLER (UNTIL JUNE 30, 2024)

Finance, Purchase and Risk Management

DR. ALENA KRETZBERG (UNTIL JUNE 30, 2024)

Information Technology and Processes, Operations (until March 31, 2024)

IT and Digitalization (as of April 1, 2024)

The members of the Supervisory Board are as follows:

DR. CHRISTIAN DAHLHEIM (AS OF JULY 1, 2024)

Chair
Chair of the Board of Management of Volkswagen
Financial Services AG

TORSTEN BECHSTÄDT (AS OF JULY 1, 2024)

Head of Supervisory Board Matters for the Chair of
the Group Works Council of Volkswagen AG

RAINER SEIDL (AS OF JULY 1, 2024)

Head of Group Controlling of Volkswagen AG

DR. WOLF-STEFAN SPECHT (AS OF JULY 1, 2024)

Head of Wholesale & Business Steering of
Volkswagen AG

DR. ARNO ANTLITZ (UNTIL JUNE 30, 2024)

Chair
Member of the Board of Management of Volkswagen
AG
Finance

DANIELA CAVALLO (UNTIL JUNE 30, 2024)

Deputy Chair
Chair of the General and
Group Works Council of Volkswagen AG

DR. HANS PETER SCHÜTZINGER (UNTIL JUNE 30, 2024)

Deputy Chair
Chief Executive Officer
of Porsche Holding GmbH Salzburg

GARNET ALPS (UNTIL JUNE 30, 2024)

Principal Representative of IG Metall Braunschweig

SARAH AMELING-ZAFFIRO (UNTIL JUNE 30, 2024)

Deputy Chair of the Joint Works Council of
Volkswagen Financial Services AG and Volkswagen
Bank GmbH

DIRK HILGENBERG (UNTIL JUNE 30, 2024)

Head of Group Digital Car & Services of
Volkswagen AG

ANDREAS KRAUB (UNTIL JUNE 30, 2024)

Chair of the Joint Works Council
of Volkswagen Financial Services AG
and Volkswagen Bank GmbH

PATRIK ANDREAS MAYER (UNTIL JUNE 30, 2024)

Member of the Volkswagen AG
Brand Board of Management Finance

LIESBETH RIGTER (UNTIL JUNE 30, 2024)

Strategic business and leadership consultant
with One Soul Community Cooperative U.A.

HOLGER SIEDENTOPF (UNTIL JUNE 30, 2024)

Head of Data & Analytics, Group Data Officer
of Volkswagen Financial Services AG

MIRCO THIEL (UNTIL JUNE 30, 2024)

Executive Director of the Joint Works Council
of Volkswagen Financial Services AG
and Volkswagen Bank GmbH

HILDEGARD WORTMANN (UNTIL JUNE 30, 2024)

Member of the Board of Management of AUDI AG
Sales and Marketing

The members of the Audit Committee are as follows:

MEMBERS OF THE AUDIT COMMITTEE

Rainer Seidl (Chair) (as of July 1, 2024)
Thorsten Bechstädt (as of July 1, 2024)
Dr. Christian Dahlheim (as of July 1, 2024)
Dr. Hans Peter Schützinger (Chair) (until June 30, 2024)
Andreas Krauß (until June 30, 2024)
Patrik Andreas Mayer (until June 30, 2024)

MEMBERS OF THE CREDIT COMMITTEE

Dr. Christian Dahlheim (Chair) (as of September 23, 2024)
Dr. Wolf-Stefan Specht (as of September 23, 2024)
Rainer Seidl (as of September 23, 2024)
Dr. Arno Antlitz (Chair) (until June 30, 2024)
Liesbeth Rigter (until June 30, 2024)
Holger Siedentopf (until June 30, 2024)

Shareholdings

Shareholdings of VW FS Overseas AG and the VW FS Overseas AG Group in accordance with sections 285 and 313 of the HGB and presentation of the companies included in the consolidated financial statements of the W FS Overseas AG Group in accordance with IFRS 12 as of December 31, 2024.

Name and registered office of company	Currency	EXCHANGE RATE	VW FS AG'S INTEREST IN CAPITAL			EQUITY	PROFIT/	Footnote	Year
		(1 EURO =)	IN %	IN %	IN %	IN THOU-SANDS	LOSS IN THOU-SANDS		
		Dec. 31, 2024	Direct	Indirect	Total	local currency	local currency		
I. PARENT COMPANY									
Volkswagen Financial Services Overseas AG									
II. SUBSIDIARIES									
A. Consolidated companies									
1. Germany									
2. International									
Banco Volkswagen S.A.	BRL	6.4314	–	100.00	100.00	3,819,468	121,489		2023
Consórcio Nacional Volkswagen - Administradora de Consórcio Ltda.	BRL	6.4314	–	100.00	100.00	525,461	82,272		2023
Driver Australia eight Trust	AUD	1.6761	–	–	–	–3,729	–3,729	1)	2023
Driver Australia Master Trust	AUD	1.6761	–	–	–	39,516	378	1)	2023
Driver Australia Master Trust 2	AUD	1.6761	–	–	–	–	–	1), 2), 3)	2024
Driver Australia nine Trust	AUD	1.6761	–	–	–	–	–	1), 2), 3)	2024
Driver Australia seven Trust	AUD	1.6761	–	–	–	5,992	–8,335	1)	2023
Driver Australia ten Trust	AUD	1.6761	–	–	–	–	–	1), 2), 3), 4)	2024
Driver Brasil Six Banco Volkswagen Fundo de Investimento em Direitos Creditórios Financiamento de Veículos	BRL	6.4314	–	–	–	488,911	37,460	1), 2)	2023
Driver China Fifteen Auto Loan Securitisation Trust	CNY	7.5986	–	–	–	–	–	1), 2), 3), 4)	2024
Driver China Fourteen Auto Loan Securitization Trust	CNY	7.5986	–	–	–	3,226,363	159,271	1)	2023
LM Transportes Interestaduais Serviços e Comércio S.A.	BRL	6.4314	–	60.00	60.00	2,355,244	160,371	5)	2023
Private Driver Australia 2023-1 Trust	AUD	1.6761	–	–	–	–4,272	–4,716	1), 2)	2023
Simple Way Locações e Serviços S.A.	BRL	6.4314	–	100.00	100.00	1,120,943	20,897		2023
Volkswagen Bank S.A., Institución de Banca Múltiple	MXN	21.5892	100.00	–	100.00	3,073,000	336,000		2023
Volkswagen Corretora de Seguros Ltda.	BRL	6.4314	–	100.00	100.00	66,855	66,306		2023
Volkswagen Finance (China) Co., Ltd.	CNY	7.5986	100.00	–	100.00	17,153,001	1,640,167		2023
Volkswagen Finance Overseas B.V.	EUR	–	100.00	–	100.00	787,948	1,004,505		2023
Volkswagen Finance Overseas HoldCo B.V.	EUR	–	–	100.00	100.00	15,019	–1	2)	2023
Volkswagen Financial Leasing (Tianjin) Co., Ltd.	CNY	7.5986	–	98.22	98.22	1,813,408	–447,158		2023
Volkswagen Financial Services Australia Pty. Ltd.	AUD	1.6761	100.00	–	100.00	398,552	51,192	5)	2023
Volkswagen Financial Services Japan Ltd.	JPY	163.2300	–	100.00	100.00	28,207,044	3,217,438		2023
Volkswagen Financial Services Korea Co., Ltd.	KRW	1,534.3200	100.00	–	100.00	390,833,000	25,904,000		2023
Volkswagen Financial Services Taiwan Ltd.	TWD	34.1011	–	100.00	100.00	1,604,075	112,533		2023
Volkswagen Leasing S.A. de C.V.	MXN	21.5892	100.00	–	100.00	14,373,273	1,990,700		2023
Volkswagen New Mobility Services Investment Co., Ltd.	CNY	7.5986	100.00	–	100.00	2,662,338	–428,226		2023
Volkswagen Participações Ltda.	BRL	6.4314	–	100.00	100.00	3,899,600	192,722		2023
Volkswagen Serviços Ltda.	BRL	6.4314	–	100.00	100.00	10,812	–2,788		2023

Name and registered office of the company	Currency	EXCHANGE RATE	VW FS OVERSEAS AG'S INTEREST IN CAPITAL			EQUITY	PROFIT /	Footnote	Year
		(1 EURO =)	IN %	IN %	Total	IN THOU-SANDS	LOSS IN THOU-SANDS		
		Dec. 31, 2024	Direct	Indirect	Total	Local currency	Local currency		
B. Unconsolidated companies									
1. Germany									
2. International									
Kuwy Technology Service Pvt. Ltd.	INR	89.1080	–	84.02	84.02	529,800	–223,200	6)	2024
LM Comércio de Veículos Seminovos Ltda.	BRL	6.4314	–	100.00	100.00	–	–	7), 7)	2024
São Bernardo Administração de Créditos Ltda.	BRL	6.4314	–	100.00	100.00	2,628	–463		2023
VAREC Ltd.	JPY	163.2300	–	100.00	100.00	983,915	118,390		2023
Volkswagen Administradora de Negócios Ltda.	BRL	6.4314	–	100.00	100.00	9	4		2023
Volkswagen Brokers Argentina S.A.	ARS	1,073.2711	–	96.00	96.00	2,454,429	–380,965		2023
Volkswagen Fiduciary Services Private Limited	INR	89.1080	91.00	9.00	100.00	8,575,240	–374,813	6)	2023
Volkswagen Financial Services Holding Argentina S.R.L.	ARS	1,073.2711	99.99	0.01	100.00	13,431,950	316,829		2023
Volkswagen International Insurance Agency Co., Ltd.	TWD	34.1011	–	100.00	100.00	137,505	51,944		2023
Volkswagen Leasing (Beijing) Co., Ltd.	CNY	7.5986	–	100.00	100.00	15,155	8,207		2023
Volkswagen Leasing (Guangzhou) Co., Ltd.	CNY	7.5986	–	100.00	100.00	2,297	4,033		2023
Volkswagen Leasing (Shanghai) Co., Ltd.	CNY	7.5986	–	100.00	100.00	–25,022	10,032		2023
Volkswagen New Mobility Services Consulting (Beijing) Co., Ltd.	CNY	7.5986	–	100.00	100.00	31,217	6,152		2023
Volkswagen Servicios, S.A. de C.V.	MXN	21.5892	–	100.00	100.00	49,365	14,881		2023
III. JOINT VENTURES									
A. Equity-accounted companies									
1. Germany									
2. International									
VDF Servis ve Ticaret A.S.	TRY	36.8107	51.00	–	51.00	11,160,370	3,211,769	5)	2023
Volkswagen Financial Services South Africa (Pty) Ltd.	ZAR	19.6255	51.00	–	51.00	–1,097,376	83,512		2023
B. Companies accounted for at cost									
1. Germany									
2. International									
Lenkrad Invest (Pty) Ltd.	ZAR	19.6255	51.00	–	51.00	22,589	22,174		2023
Porsche Volkswagen Servicios Financieros Chile S.p.A.	CLP	1,034.6000	50.00	–	50.00	11,541,952	2,025,204		2023
Volkswagen Financial Services Compañía Financiera S.A.	ARS	1,073.2711	–	49.00	49.00	22,647,458	1,581,792		2023
IV. ASSOCIATED COMPANIES									
A. Equity-accounted associates									
1. Germany									
2. International									
B. Associates accounted for at cost									
1. Germany									
2. International									
V. EQUITY INVESTMENTS									
1. Germany									
2. International									
OOO Volkswagen Bank RUS	RUB	112.4384	99.00	–	99.00	21,763,274	1,681,435	8)	2023

1) Structured company in accordance with IFRS 10 and IFRS 12

2) Short fiscal year

3) Newly established company/Spin-off

4) Profit-and-loss transfer agreement as of [year]

5) Consolidated financial statements

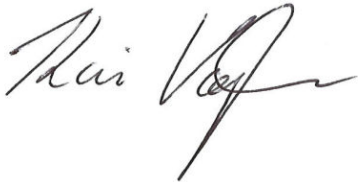
6) Different fiscal year

7) Values are included in the consolidated financial statement of the parent company

8) Figures in accordance with IFRSs

Braunschweig, March 3, 2025

Volkswagen Financial Services Overseas AG
The Board of Management

A handwritten signature in black ink, appearing to read 'Kai Vogler'.

Kai Vogler

A handwritten signature in black ink, appearing to read 'Patrick Welter'.

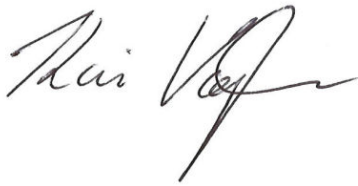
Patrick Welter

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen Financial Services Overseas AG, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of Volkswagen Financial Services Overseas AG.

Braunschweig, March 3, 2025

Volkswagen Financial Services Overseas AG
The Board of Management



Kai Vogler



Patrick Welter

Independent auditor's report¹

To Volkswagen Financial Services Overseas Aktiengesellschaft,
Braunschweig

OPINIONS

We have audited the annual financial statements of Volkswagen Financial Services Overseas Aktiengesellschaft, Braunschweig, which comprise the balance sheet as at 31 December 2024, and the income statement for the fiscal year from 1 January to 31 December 2024, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Volkswagen Financial Services Overseas Aktiengesellschaft, Braunschweig, which is combined with the group management report, for the fiscal year from 1 January to 31 December 2024.

In our opinion, on the basis of the knowledge obtained in the audit,

- > the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2024 and of its financial performance for the fiscal year from 1 January to 31 December 2024 in compliance with German legally required accounting principles, and
- > the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

¹ Translation of the German independent auditor's report concerning the audit of the annual financial statements and management report prepared in German

BASIS FOR THE OPINIONS

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s responsibilities for the audit of the annual financial statements and of the management report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

OTHER INFORMATION

The Supervisory Board is responsible for the “Report of the Supervisory Board“. In all other respects, the executive directors are responsible for the other information. The other information comprises the sections “Responsibility Statement”, “Human Resources Report” and “Report of the Supervisory Board” to be included in the annual report, of which we obtained a copy prior to issuing this auditor’s report, but not the annual financial statements, not the combined management report disclosures whose content is audited and not our auditor’s report thereon.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon

- > is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- > otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company’s ability to continue as a going concern. They also have the responsibility for disclosing, as

applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

- > Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control and of such arrangements and measures.
- > Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- > Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- > Evaluate the consistency of the management report with the annual financial statements, its conformity with law, and the view of the Company's position it provides.
- > Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Eschborn/Frankfurt am Main, 7 March 2025

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Koch

Hölscher

Wirtschaftsprüfer
[German Public Auditor]

Wirtschaftsprüfer
[German Public Auditor]

Human Resources Report

Mission HR: business driven – people focused.

EMPLOYEES

The Volkswagen Financial Services Overseas AG Group had a total workforce of 2,930 (12,009) employees as of December 31, 2024. Of these, 48 (5,577) were employed in Germany and 2,882 (6,432) at international sites. Owing to economic considerations, 245 (248) employees of Volkswagen Servicios, S.A. de C.V., Puebla, Mexico, which is an unconsolidated company, are included in the overall workforce figures.

Due to extensive restructuring within the Volkswagen Financial Services AG Group, the aforementioned employees are now assigned to the Volkswagen Financial Services Overseas Group. The differences compared with the prior-year figures also result from the restructuring.

HUMAN RESOURCES STRATEGY

The MOBILITY2030 corporate strategy reinforces the objective of leveraging a mobility platform to establish Volkswagen Financial Services Overseas AG as a provider of a wide range of mobility services and thereby enable it to play a central role in the Volkswagen Group as the “Key to Mobility”. MOBILITY2030 sets out to realize this vision by focusing on the strategic dimensions of customer loyalty, vehicles, performance, data and technology, and sustainability.

The future success of Volkswagen Financial Services Overseas AG will be founded on the global team comprising every single employee. The critical role of people working together is underpinned by the “Our team, our values” basis, which captures the importance of employees for all the strategic dimensions. The values referred to – courage, trust and customer centricity – are intended to guide employees in their everyday activities and help motivate them to do their best.

The Human Resources division intends to do its utmost, through a range of different strategic initiatives, to help the Company implement MOBILITY2030 and thereby contribute, with its own targeted actions, to the establishment of an effective high-performance organization. Closely aligned with the principle “business driven – people focused”, the HR strategy focuses on precisely this objective.

Human resources operations were significantly affected over the course of the reporting year by a wide range of factors including the ongoing advance of digitalization, sustained competition for the best people in the labor market and changing expectations of companies among younger generations. The functional HR strategy aims to master these challenges by focusing on the five core HR topics of talent acquisition, personnel development, future working culture and modes of working, workforce planning and analysis, and HR digitalization. The 17 specific initiatives set out in the strategy are to be pursued in combination with the overarching priorities of diversity, integrity, compliance and international mindset. In addition, the evolution of a holistic HR strategy began in the year under review in order to successfully master the structural and cultural transformation.

For the reporting year, the topics of re- and upskilling, culture and leadership, and New Work are particularly noteworthy.

Skilled, committed employees are the cornerstone of success and Volkswagen Financial Services Overseas AG accordingly enables its employees to develop their skills continuously. Knowledge and experience are becoming more critical all the time, especially in the field of digitalization. Accordingly, the focus of professional development in the reporting year was on teaching digital, data and AI skills,

delivered through a variety of learning opportunities, from self-service learning, through the use of an AI-based learning platform, down to customized training and degree programs for selected target groups. The vocational training and dual study programs were also realigned with the future profiles and with a focus on digital/IT degree programs. This approach is supported by the rollout of the digital learning platform in European markets, with the aim of creating a new, cross-border learning culture and promoting global knowledge transfer.

Another initiative within the HR strategy covers the design and implementation of a strategic workforce planning system that responds to changes in requirements for employees and enables the Company to complete detailed analyses based on job profiles, skills and qualifications – looking at both present and future needs – to predict newly emerging roles and skills requirements in addition to the usual quantitative workforce planning activities.

Line managers have a particular responsibility in this regard to enable and encourage the employees under them to contribute their ideas and expertise in a modern, diverse and flexible working environment.

Line managers have a significant influence on the morale and satisfaction of their staff and hence also on their motivation and commitment. The new leadership principles serve as a values compass for all supervisors, providing guidance for their day-to-day management activities at Volkswagen Financial Services AG and showing employees reliably what they can expect from their supervisors. The corporate values form the basis and shape the understanding of leadership: “We lead by embracing our values”. The line managers held workshops with their teams in order to achieve a common understanding of the leadership principles. The introduction of leadership feedback is intended to mark another milestone. Systematic feedback from their teams will in the future give line managers an opportunity to reflect on their own leadership behavior and make adjustments as needed.

New cultural initiatives were successfully implemented in the reporting year to continuously strengthen the corporate culture. In 2024, we carried out our first employee survey to assess how our values are perceived in our teams – the VW FS Values Index – to enable us to derive differentiated statements on how the FS values are perceived in the teams and to identify potential action areas and strategic value initiatives. The VW FS Values Awards were also presented for the first time in the reporting year. Our corporate values of courage, trust and customer centricity are the foundation of our MOBILITY2030 corporate strategy and are intended to provide direction in our daily work and interactions and to motivate us to give our best every day. The VW FS Values Awards recognize projects and initiatives that make our values visible and tangible in our daily lives.

Volkswagen Financial Services Overseas AG continued to pursue a New Work initiative intended to facilitate the necessary changes to the world of work in areas such as tools, technology, space concepts, culture, management, rules and change support in the reporting year as well.

WORK-LIFE BALANCE

Volkswagen Financial Services Overseas AG works proactively to provide a family-friendly working environment and is constantly adding new options to help employees improve their work-life balance. Examples include a variety of working time models and the “Frech Daxe” company childcare facility, which is located next to the company’s site in Braunschweig and offers both flexible care hours and vacation care.

Report of the Supervisory Board

of Volkswagen Financial Services Overseas AG

In the year under review, the Supervisory Board gave regular and thorough consideration to the position and development of Volkswagen Financial Services AG and the Volkswagen Financial Services Overseas AG Group.

During the reporting period, the Board of Management informed the Supervisory Board promptly and comprehensively at all times, in writing or verbally, regarding material aspects of the Company's planning and position, including the risk situation and the risk management system, and also regarding business development and any deviations from planning and targets. Based on these reports of the Board of Management, the Supervisory Board constantly monitored the management of the Company's and the Group's business and was thus able to carry out without limitation the functions assigned to it by law and under the articles of association. All decisions of fundamental importance for the Company and other transactions requiring the approval of the Supervisory Board under the rules of procedure were reviewed and discussed with the Board of Management before the relevant resolution was adopted.

Up to and including June 30, 2024, the Supervisory Board comprised 12 members; it has comprised four members since July 1, 2024. Changes in the reporting period are disclosed in the information on governing bodies.

The Supervisory Board held three regular meetings and one extraordinary meeting in the reporting year. The average attendance rate was 96%. Decisions were made on three matters by means of a written resolution circulated to each of the members for approval; the Chair of the Supervisory Board also made one urgent decision using the written procedure.

The focuses of the meetings of the Supervisory Board and its committees are presented below.

COMMITTEE ACTIVITIES

To ensure the efficient execution of its duties, the Supervisory Board of Volkswagen Financial Services Overseas AG has established committees. The duties and responsibilities of the individual committees are governed in their respective rules of procedure.

Audit Committee

The Audit Committee held two regular meetings in the reporting year. The attendance rate was 100%. There were no urgent matters in the reporting year that required decisions to be made by circulation of written resolutions. In this regard, the Audit Committee held detailed discussions in the reporting period, addressing the annual financial statements, the supervision of the internal control, risk management and internal audit systems as well as the monitoring of the financial reporting and auditing process.

Credit Committee

The Supervisory Board of Volkswagen Financial Services Overseas AG dissolved the Credit Committee on July 1, 2024. Effective September 23, 2024, the Supervisory Board of Volkswagen Financial Services Overseas AG established a new Credit Committee. The Credit Committee is responsible for approving issues that the Supervisory Board has to deal with by law and under the Articles of Association and rules of procedure relating to loan commitments, the assumption of sureties, guarantees and similar liabilities, Bank borrowings, the purchasing of receivables (factoring) and for master agreements governing the assumption of receivables. The Credit Committee is composed of three members of the Supervisory Board and makes its decisions by circulation of written resolutions.

The Credit Committee decided on nine loan commitments in the reporting year. The activities of the committees were reported at the plenary meetings of the Supervisory Board.

MATTERS DISCUSSED BY THE SUPERVISORY BOARD

At its meeting on February 24, 2024, following reports submitted by the auditor, the Supervisory Board examined in detail and then approved both the consolidated financial statements of the Volkswagen Financial Services AG Group prepared by the Board of Management as well as the annual financial statements and management report of Volkswagen Financial Services AG for 2023 prepared by the Board of Management. The Supervisory Board also issued a recommendation regarding the appointment of the auditor for 2024.

The Board of Management also reported to the Supervisory Board on the current status of the wide-ranging internal restructuring program, under which the subgroups of Volkswagen Financial Services Aktiengesellschaft and Volkswagen Bank GmbH were reorganized to separate European and non-European financial services activities. Under a further agenda item, the Supervisory Board received information on the main topics for 2024 in the various regions, the collaboration with NABU and the implementation of the corporate strategy. The Board of Management informed the Supervisory Board about the objectives and latest implementation status regarding diversity at the meeting on February 24, 2024.

At the meetings on June 13, 2024, and September 23, 2024, the Board of Management presented the Supervisory Board with comprehensive reports about the economic and financial position of the Company and the Volkswagen Financial Services Overseas AG subgroup and the Company's latest position. Moreover, at the meeting on September 23, 2024, the Board of Management informed the Supervisory Board about the new structures, internal responsibilities and initiation of market management, which was implemented in line with the restructuring program.

At the meetings on February 24, 2024 and September 23, 2024, the Audit Committee reported to the Supervisory Board on the contents of its committee meetings. At the meeting on September 23, 2024, the Audit Committee informed the Supervisory Board about matters including the quality of the audit of the annual financial statements for 2023 and the preparation of the audit of the annual financial statements for 2024 (key audit matters). It also presented the internal audit and compliance functions. Focuses included the mandates and organization, structure and methods, and regular and ad hoc reporting.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft was appointed to audit both the consolidated financial statements of the Volkswagen Financial Services Overseas AG Group in accordance with the IFRSs and the annual financial statements of Volkswagen Financial Services AG in accordance with the HGB for the year ended December 31, 2024, including the bookkeeping system and management reports.

The consolidated financial statements of the Volkswagen Financial Services AG Group completed in accordance with the IFRSs and the annual financial statements of Volkswagen Financial Services Overseas AG completed in accordance with HGB for the year ended December 31, 2024 were submitted to the Audit Committee and the Supervisory Board together with the management reports. The auditor, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, audited these financial statements, including the bookkeeping system and the management reports, and issued an unqualified auditor's opinion in each case.

The Audit Committee and Supervisory Board had no reservations after their reviews of the consolidated financial statements and the annual financial statements, including the management reports. The auditors were present when this agenda item was addressed at the Supervisory Board meeting and they reported on the main findings of their audit and were available for questions.

At its meeting on March 7, 2025, the Audit Committee commented on the consolidated financial statements and annual financial statements of Volkswagen Financial Services Overseas AG prepared by the

Board of Management and, following a detailed examination, recommended to Supervisory Board to approve the annual financial statements for 2024 and to approve the consolidated financial statements. At its meeting on March 7, 2025, the Supervisory Board approved both the consolidated financial statements prepared by the Board of Management as well as the annual financial statements of Volkswagen Financial Services Overseas AG. The consolidated financial statements and annual financial statements have thus been adopted.

On the basis of the current control and profit-and-loss transfer agreement, the profit reported by Volkswagen Financial Services Overseas AG in accordance with the HGB for fiscal year 2024 was transferred to Volkswagen AG.

The Supervisory Board would like to take this opportunity to express its gratitude and appreciation for the work of the members of the Board of Management, the Works Council, the managerial staff and all employees of Volkswagen Financial Services Overseas AG and its affiliated companies. The high level of commitment from all of you has helped to sustain the ongoing growth of Volkswagen Financial Services Overseas AG.

Braunschweig, March 7, 2025



Dr. Christian Dahlheim
Chair of the Supervisory Board

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